



THE INDEPENDENT

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7 PAGES OF MUSIC
IN THE TABLOID
**THE
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**FASHION
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COMMENT PAGE 23

Saddam overthrow botched by CIA

EXCLUSIVE

by Patrick Cockburn

300 Iraqis die after bungled operation

Up to 300 Iraqis died last year as the result of a failed attempt by the CIA to overthrow Saddam Hussein, the Iraqi leader, in a débâcle which led to the liquidation of the agency's extensive operation in northern Iraq. Only now are details emerging of one of the CIA's greatest failures since it was set up 50 years ago. It not only financed an Iraqi opposition group, which killed 100 people in a bombing campaign against civilian targets in Baghdad and other cities,

but fomented a military coup which President Saddam bloody crushed. The CIA débâcle in Iraq may yet tarnish the reputation of George J. Teter, the CIA's director designate, who as deputy director presided over the disaster. But one former US official said yesterday: "As in Somalia, the disaster in Iraq was so complete that nobody in Washington wants an inquiry into what went wrong."

Mr Teter will undergo confirmation hearings next week in Wash-

ington, where questions about his handling of the affair are likely to be asked. The case with which the Iraqi leader crushed a CIA-backed coup in June, during which some 80 Iraqi officers were executed or died under torture, may have given him the confidence two months later to send his tanks into Iraqi Kurdistan. A further 120 Iraqis on the CIA payroll were slaughtered because the agency had failed to foresee the attack.

In the wake of this series of disasters the CIA officer in Amman, the capital of Jordan, in charge of organising the coup against President Saddam, is said by a Washington source to have received a telephone call from Baghdad asking for him by name. The caller, presumably an Iraqi intelligence official, gave extensive details of the coup, including the names of those involved. He then suggested that the CIA official pack up and go home.

The attempt to overthrow Saddam Hussein was sparked off by the CIA's belief that the defection of Lt. Gen. Hussein Kamil, the Iraqi leader's son-in-law, in 1995, meant he was vulnerable. The CIA was eager for a success after the scandal over Aldrich Ames, the officer unmasked as a Russian spy. President Bill Clinton signed an order in 1996 for \$6m (£3.7m) in covert aid to be given to an Iraqi opposition group, the Iraqi National Accord (INA).

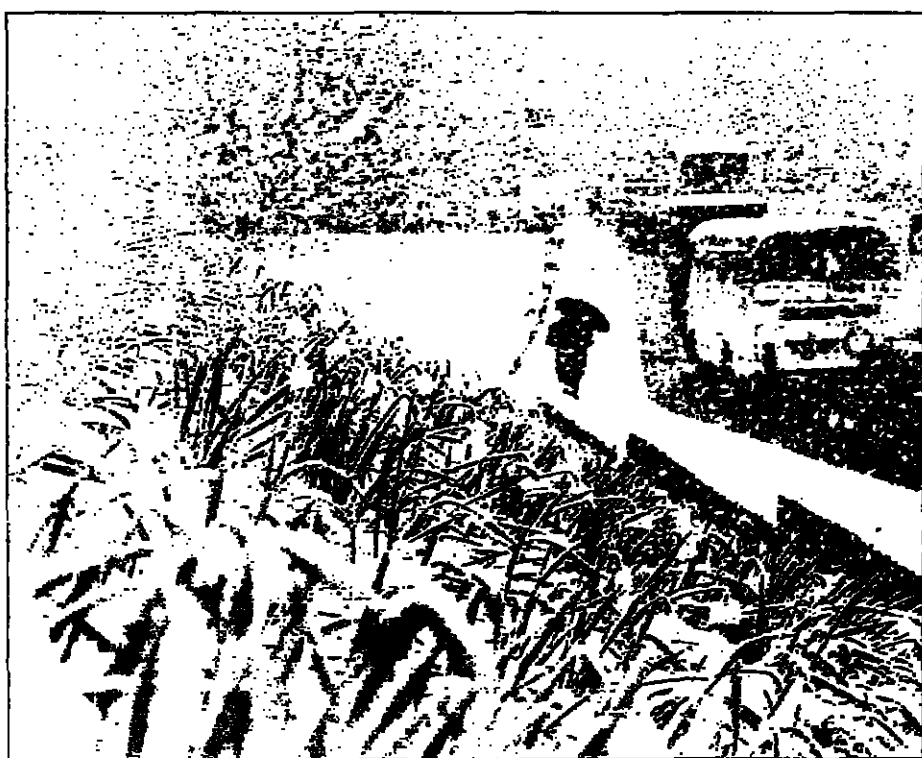
The INA was already on the CIA payroll and was mainly recruited from former Iraqi officers and officials from the ruling party. From bases in Iraqi Kurdistan it had carried out bombing attacks on Baghdad. Details of these were spelt out by Abu, Amneh-al-Khadami, the INA's chief bomb maker, who made a video - obtained by *The Independent* - of himself accusing his senior officer of keeping him short of money, arms and explosives as well as secretly working for Iraqi intelligence. When Iraqi tanks rolled into Iraqi Kurdistan last August they destroyed

the remnants of one of the largest CIA operations in the world. Several thousand Iraqis and Kurds who had worked for CIA-backed organisations had to be evacuated to the US. Their flight ended the CIA's attempt to rebuild its reputation by overthrowing Saddam Hussein. John Deutch, the outgoing head of the CIA, is said by an Iraqi source to feel that the strength of the INA was misrepresented to him. He resigned as director of the CIA after President Clinton refused to make him Defense Secretary. *Battle in Baghdad, page 17*

From blizzard to a drought...



...what a difference 2 years makes



Blooming: A sunny day in York yesterday (top), and two years ago Photographs: John Giles/PA

Louise Jury and Jason Bennetto

Two years ago the daffodils were covered in a snowy winter blanket. Yesterday the same flowers basked in temperatures which seemed like summer. Britain was hotter than Los Angeles, Algiers and Athens, as temperatures hit the 70s in the earliest spring for seven years. There is some way to go to beat the record temperature for this point in the year - 26.5C (79.7F) on 4 April 1946, at Greenwich Observatory. But the blue skies were more than enough to bring smiles to the faces of seaside traders and sunseekers. Two thousand people crowded on to the beach at Bournemouth and a brave few even paddled in the water. Weston-super-Mare was "much busier than usual for the time of year," according to the tourist information officer, and

at Brighton, where the temperature was 19C (66F), up to 10,000 people made the scene look more like August than April. Boots the Chemist sold a record number of pairs of sunglasses - and litres of bottled water and sun cream. More people paid heed to cancer warnings and choosing higher factors, although there were also sales of sunburn ointments. A London Weather Centre spokesman said the hottest place in Britain yesterday was Southampton airport, at 22C (72F) compared with an April average of 11C (52F). Today will be cooler with dips in temperatures as low as 9 or 10C (50F). But by Sunday, there will be sunshine everywhere once more. After 10 days with no rainfall in London, William Hill, the bookmakers, have cut the odds on a dry April to 16-1 compared

with 66-1 at the beginning of the month. "We could end up being real April fools," said spokesman Graham Sharpe. "Punters are gambling on a scorching dry summer." But the sunshine has its downsides. Britain could be heading for a record year for fires in the countryside. Blazes in parklands and heaths are for the first time the most common type of fires, suggesting that global warming may be having an irreversible effect on countryside safety. Fire brigades were called to more than 600,000 incidents in 1995 - an increase of 26 per cent on the previous year - largely as a result of the dry spells. There were 174,500 grassland and heathland fires, a 131 per cent rise from 75,000 in 1994. This year fires have already destroyed a large chunk of Dartmoor in the South West and forest land in Cheshire.

Tories defy Major: No Euro surrender

Anthony Bevins and Colin Brown

A nation-wide Tory grass-roots mutiny over Europe undermined John Major's efforts to turn his fire on Labour's attitude to Brussels last night. A broad selection of Conservative candidates' election addresses, obtained by *The Independent*, shows outright defiance against the single currency line hammered out by the Cabinet in January. While Mr Major and his Cabinet colleagues have agreed to keep the currency option open, the candidates' revolt shows that another Conservative government would be most unlikely to muster a Commons majority for entry.

One of the Tory rebels who made life so difficult for the Government over the Maastricht Treaty said yesterday that there was not a "cat in hell's chance" of Conservative MPs voting for the euro. In their personal addresses to their voters, the candidates are resolute in their hostility. Sir Ivan Lawrence QC, who is standing in Burton, says under a headline "No Surrender" that "Monetary union poses the gravest threat to Britain's future as a self-governing nation". Sir Peter Tapsell, the candidate for Louth and Horncastle, says that if the United Kingdom joined up, Chancellor Helmut Kohl would become leader of the country. "I give you this pledge: I shall never vote to join a single European currency," he says. While adamant opposition might be expected from former MPs with a track record of diarch resistance to European integration, the rebellion has infected Mr Major's loyalist heartland.

Julian Brazier, "Backbencher

THE INDEPENDENT HARRIS POLL		
Labour	52%	Change since last week
Con	30%	up 2
Lib Dem	12%	down 2
Others	6%	
Harris Research interviewed 1136 adults face-to-face in their homes between 4 and 7 April		

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of the Year", tells the voters of the abolition of the pound and its absorption into a single currency. Britain would have handed over control forever of British interest rates and fiscal policy to unelected bankers abroad.

Labour has already hardened its line on the single cur-

rency beyond that of the Conservatives - saying membership is "improbable" in the lifetime of the next Parliament. Tony Blair will today step up his campaign with publication of a business manifesto. An NOP poll of senior management in overseas companies that have invested in Britain - and employing 180,000 - shows strong support for one of Labour's key manifesto planks: the need for more skills training. The poll, commissioned by a Labour-supporting businessman, shows one-third of those questioned believing that basic skills in the United Kingdom were lower than in the rest of Europe: only a quarter thought skills were higher than elsewhere in Europe. Altogether, 48 per cent said that they had a primary or major concern over skill levels, and a further 38 per cent said it was a moderate concern. The poll also showed more than three-quarters of those interviewed believed that inward investment would increase (13 per cent) or remain the same

to panic, to chaos. "Behind the front doors of Britain are millions of people who have yet to make up their minds," he said. In his speech, Mr Major challenged Mr Blair to commit Labour to putting legislation through the Commons before he signed the European Social Chapter. "If the measures in the Social Chapter are good for Britain and those that would follow British signatures on the Social Chapter," he said, "let Labour argue for them, in detail, in our own Parliament, where they could be amended, added to or subtracted from, not taken in total, without change." Signing up to the Social Chapter would hand more power to the unions to pay Mr Blair's IOU to the trade union barons, Mr Major said. He also opened a personal assault on Mr Blair's call for trust in him. He said Mr Blair could not be trusted to negotiate for Britain at the Amsterdam summit on 14 June. Mr Blair's trust was "dead in the water," he said.

Could this be the answer to everyone's prayers?

Matthew Brace

The effect of the power of prayer on hospital patients is to be scientifically tested for the first time. The leader of the experiments, Professor Russell Stannard of the Open University, is keeping an open mind on what might result. "God's got a will of His own and might decide not to co-operate." The tests - funded by the John Templeton Foundation, a charitable organisation aimed at the progress of religion - will involve three groups of 600 patients. Two groups will be told they may be prayed for by a special praying team; one

actually will be prayed for, the other will not, but neither will know for certain who is in the team's thoughts. A third group will know they are being prayed for and will be monitored to determine if that knowledge has a psychosomatic effect on their symptoms. Prof Stannard, who has given the financial go-ahead for the project to be conducted at three American hospitals over two years, said its purpose was merely "to find out what happens". "The foundation is not going into the experiment hoping that there will be a positive effect. We are genuinely interested in any experimentation which has a bearing on

religion," said Prof Stannard. "Obviously, if it turns out that there is a positive result, that will be extremely interesting." "It would open up whole areas of research, such as different methods of prayer, and prayer for different illnesses." Prof Stannard, who sees no contradiction in being a Christian and a scientist, said a result showing no significant difference between the groups would not necessarily prove prayer did not help. He said people might pray for themselves and receive prayers from close friends and family unaccounted for prayer known scientifically as "unwanted background noise".

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news

significant shorts

WPC shot by IRA gunmen in Londonderry attack

A woman police officer was shot and seriously wounded in an IRA attack in the city of Londonderry yesterday, amid apparently unfounded media speculation that a new IRA ceasefire was imminent.

The officer was shot in the chest by gunmen who opened fire from the back of a white van. This was later found abandoned close to the largely republican Bogside district, sparking off a major security operation there.

The injured officer was taken to a local hospital where her condition was described as serious but stable. The circumstances of the attack leave little room for doubt that the IRA's intention was to kill her. The last police officer killed in Northern Ireland died in the same city in a mortar attack in April 1994.

Republican sources yesterday continued to deny all knowledge of an IRA ceasefire some reporters have predicted. David McKerrick

Triad hostage's 12 days of torture

A gang of Triads kidnapped a Chinese chef and chained him to a radiator during a 12-day ordeal of violence, Southwark Crown Court heard yesterday.

Xiao Ming Cao, 25, a Chinese national, was forced to make telephone calls to his family in China, telling them that if they wanted to see him alive they must pay a \$40,000 ransom.

An international police operation was launched, with officers liaising with authorities in China. After two weeks, police traced Mr Cao to a house in Holloway, north London, where they arrested five men, all Chinese nationals.

Peter Clarke, for the prosecution, said Mr Cao was kidnapped as he walked past Hendon underground station, north London, on his way home from work on 22 June last year.

Counting the cost of test-tube baby

The cost of having a test-tube baby is eight times more expensive in some clinics than in others, a report in *Hospital Doctor* magazine revealed yesterday.

An In-Vitro Fertilisation league table devised by infertility expert Professor Peter Baude, consultant obstetrician and gynaecologist at Guy's and St Thomas's Hospitals, in London, disclosed that costs per live birth at more than 50 clinics vary between £5,325 and £41,939. He said that couples needed to know the cost per live birth to make an informed choice of what treatment to choose. Even in the best clinics, he said, the chances of success may be no better than one in five.

Judge grants Douglas inquest review



There was renewed pressure on the police to revise their methods of restraining suspects yesterday after a judge opened the way for the family of Wayne Douglas, 25, whose death in custody triggered the 1995 Brixton riots, to challenge an inquest verdict.

Mr Justice Forbes ruled that Lisa Douglas-Williams, sister of the dead man, had an arguable case for a judicial review of the decision given by Southwark coroner Sir Montague Levine to the inquest jury, which brought in a verdict of accidental death.

The jury said Mr Douglas, a burglary suspect who officers said had threatened them with a knife, had died from heart failure caused by "positional asphyxia" brought on by stress and exhaustion after a chase and being held face down in the prone position.

A new inquest could be ordered if Ms Douglas-Williams succeeds in a full judicial review hearing in July. Giving the go-ahead for the challenge yesterday, the judge said it was arguable that Sir Montague had failed to give adequate or clear directions to the jury on two possible forms of unlawful killing. Patricia Wynn Davies

Sixth person held for Guerin murder

A sixth person was held by police yesterday in the investigation into the murder of Irish crime reporter Veronica Guerin.

All of those held during the past two days have been detained under the terms of legislation permitting suspects to be kept in custody for up to 48 hours. The latest arrest, of a man, was made yesterday morning. A man and a woman held after leaving a ferry from Anglesey, at Dun Laoghaire, Co Dublin, on Wednesday, and three other men picked up later, are also being questioned.

Ms Guerin was shot dead in her car in Dublin last June. More than 100 arrests have been made, but only one man has been charged with the murder.

THE INDEPENDENT ABROAD

Austria	£5.00	Winds	£5.00
Belgium	£5.00	Winds	£5.00
Canada	£5.00	Winds	£5.00
Denmark	£5.00	Winds	£5.00
France	£5.00	Winds	£5.00
Germany	£5.00	Winds	£5.00
Greece	£5.00	Winds	£5.00
Italy	£5.00	Winds	£5.00
Japan	£5.00	Winds	£5.00
Netherlands	£5.00	Winds	£5.00
Portugal	£5.00	Winds	£5.00
Spain	£5.00	Winds	£5.00
Sweden	£5.00	Winds	£5.00
Switzerland	£5.00	Winds	£5.00
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Recycled paper made up 41.2% of the raw material for UK newspapers in the first half of 1996

people



Faces of defiance: A lookalikes' gathering in Key West - the only event to be saved

Bell tolls for Hemingway fans as festival is scrapped

Has the bell tolled for Ernest Hemingway in one of his favourite haunts, Key West?

Yes, say his three sons, unless they get a cut of the Hemingway-related profits in the United States' southernmost town. Not quite, say the organisers of Hemingway Days, a five-day festival of literary lectures, street fairs, hard drinking and arm-wrestling contests.

For the past 16 years, the fishing village-cum-tourist resort, a mecca for gays and lesbians, has hosted the festival, attracting an average 10,000 tourists.

This year, Hemingway's three sons, all elderly, decided the event was "tasteless and tacky," particularly the "Papa" T-shirts, caps, false beards and other trivia sold on the streets. They threatened legal action but said they would swallow their pride for a piece of the action - 10 per cent to be exact.

Festival organiser Michael Wharton was disgusted. The event only makes around £10,000, he said, meaning the Hemingway boys were haggling over £1,000. He said he would call off the formal event to avoid a long and expensive legal battle, although

he felt he could win in court. "Life's too short," he decided.

But true to his literary hero, Mr Wharton is not giving in without a fight. "We're still going to hold the Hemingway lookalike contest - always the climax of the festival," he said. "They may be able to sue us over him but I hope they can't sue us over people that look like him."

Last year, 127 bulky, white-bearded, dapper-swilling men took part in the contest, at Sloppy Joe's bar on Duval Street, a favourite Hemingway haunt. It was there he met a future wife, Martha Gellhorn, replaced after writing much of *A Farewell to Arms*, and from where (according to a story he liked to tell himself) he stole an entire urinal for his own house on Whitehead Street.

"The festival portrayed my dad as a big-drinking, beachcomber bum," said Patrick Hemingway, one of the Nobel-prize winning author's sons. "But for a beachcomber bum, he certainly accomplished a lot in his life."

Phil Davidson, Miami

Blyton debate to assess author's literary merit

The decades-long argument over Enid Blyton's influence on her millions of young readers will ignite again tomorrow. A major conference to mark the centenary of the author's birth will set defenders of her lasting power to cast a spell on children against accusers who condemn her books for their snobbish, racial bigotry and sheer escapism.

Tomorrow's conference, at the Roehampton Institute in London, is organised by the National Centre for Research in Children's Literature. The Centre's director, Dr Kim Reynolds, acknowledges that some critics and parents try to steer children away from a writer whose dismissive view of the working class and other races match her "repetitive plots and persistent falsification of reality".

But for Nicholas Tucker, an expert in children's writing at Sussex University, Blyton's strength lay precisely in her ability "to move straight from her imagination into the real world intervening". He points out that the idea of armies of teachers and librarians sweeping Noddy from the shelves always owed more to the media than the truth: "The opposition to Blyton was always very tenuous, but it got a lot of publicity".

Blyton (right), who died a mil-



lionaire in 1968, produced one book a month. She could finish a full-length novel within a working week and insisted on a minimum print-run of 25,000 in the post-war years of paper shortages. She remains big news and big business. Thanks to new EU rules, the lucrative copyrights to the Famous Five, Secret Seven and their friends will stay under the control of Enid Blyton Limited until 2037. In recent years the Blyton Estate has sidestepped critics by updating the books. Offending details (such as the black-faced Gollies who mug Noddy in one book) simply disappear. So today's young readers fail to see why anyone could ever have objected. And as Nicholas Tucker notes: "One thing you can always do with bad literature is rewrite it."

Boyd Tonkin

Fur flies over Wintour invitation

Never resting in their campaign to "out" famous names who cannot give up their furs, the crew at PETA, People for the Ethical Treatment of Animals, have pulled a stunt in the midst of New York's Fashion Week that has more than ruffled British-born Anna Wintour, editor of the US *Vogue*.

Ms Wintour, long a favourite target of anti-fur activists, is said to be ready to go to court over an invitation now in circulation among New York's fashion set for a PETA fundraising bash on Saturday night.

Her anger is hardly surprising. No-one in the fashion world likes to have fun poked at them publicly, least of all in the one week of the New York calendar that really matters. What good is it to Ms Wintour if we know it was her caterer who supplied the oasts at the massively-attended Absolut-Versace-on-Ice Party on Wednesday? (And delicious they were, but harder to find than a good chinchilla stole.)

The invite is a glossy affair featuring a cruelly unflattering Wintour look-alike holding a magazine named *Morgue*. "Anna Wintour requests the pleasure of your company," it says, "for PETA's Fashion Week bash". Splashed across the fake mag is a teaser: "What I did with my unwanted beaver", by Anna Wintour.

The PETA party will be at Club Expo, just steps from the Fashion Week tents.

David Osborne

briefing

HEALTH

Refinement is the key for food allergy sufferers

Refined peanut oil appears to be safe for people who risk death from eating peanuts, new research claims today. Crude, or unrefined peanut oil, on the other hand, might be dangerous, scientists found.

A team of researchers led by Dr Jonathan Hourihane, from Southampton General Hospital, tested reactions of people with a proven allergy to peanuts to two kinds of peanut oil. They found that 10 per cent of those studied reacted to unrefined oil, but none reacted to refined oil.

The doctors said, in an article in the *British Medical Journal*, that it was vital for restaurant and catering staff to be more aware of food allergy. They also called for a discontinuation of the confusing term groundnut for peanut oil, and clear labelling to distinguish between refined and crude oils.

David Reading, director of the Anaphylaxis Campaign, which aims to increase public awareness about life-threatening allergies, said: "Sometimes people with peanut allergy describe meal-times as like playing Russian roulette - it can be that frightening."

"But if the risk posed by peanut oil is very low, as this research suggests, then people will find they can eat with far greater confidence."

SOCIETY

No sex please, we're truckers

Tough truckers are really home-loving men who put sex, drinking and nights out way down their list of priorities, according to a survey published yesterday.

Traditionally, lorry drivers have often been regarded as chavvinistic roadhogs who eat Yorkshire Bars and car drivers for breakfast - when they're not tucking into a roadside fry-up.

But the survey found that thoughts of family and home life are uppermost in the minds of more than one in three truckers as they travel along.

A further 25 per cent concentrate on arriving on time while 16 per cent think of nothing in particular. Just 7 per cent focus on sex, drink, food and nights out, while only 2 per cent are preoccupied with bad driving, said the survey from PHH Management Services.

"The results would seem to support the idea that Joe Truckers, traditionally the ultimate symbol of masculinity, is in fact a 'New Man', more concerned with family and doing his job efficiently, than previously believed," said a PHH spokesman.



TRANSPORT

Bus and rail complaints soar

The level of complaints from bus and train passengers in the London area is soaring, according to figures released yesterday. Complaints in the area inside the M25 between October and December 1996 rose 12.4 per cent compared with the same period in 1995 and were more than 30 per cent up on the previous three months, statistics from the London Regional Passengers' Committee, the passenger watchdog, disclosed.

Refunds and claims topped the list of complaints from main-line passengers, whereas fares and ticketing were Tube travellers' biggest gripes. Bus passengers complained most about staff conduct. The pressure group Save Our Railways described the complaints level as providing "another hammer blow to the credibility of rail privatisation".

Jonathan Bray, a spokesman for the group, said: "London's rail passengers have given their verdict on rail privatisation. That verdict is a resounding thumbs down."

Of the total complaints in the final quarter of last year, 47 per cent related to main-line rail, nearly 33 per cent related to buses, and more than a fifth to London Underground. Randeep Ramesh

BROADCASTING

Channel 5 viewers in a minority

Channel 5 can be received in fewer than half the country's homes, according to advertising agencies who have analysed its first two weeks' viewing figures. The channel had predicted it would be received in 65 per cent of homes from day one, rising to nearer 85 per cent after a year. However, the agencies' analysis shows that only 35 per cent of homes have so far watched it, meaning that just 40 to 45 per cent of them are capable of receiving a clear signal, according to the trade journal *Media Week*.

Channel 5 had to retune 9 million video recorders before launch to make sure its signal did not interfere with TV reception of other channels. It estimated that 3 million homes would need new aerials before they could get a picture - even if they lived within a transmission area.

Paul McCann

PROPERTY

North-South divide in house market

The much vaunted boom in house prices is still subject to a North-South divide, according to a new survey which shows house prices are actually falling in many parts of the country.

During January to March, house prices fell in all three northern regions of England and in Wales, Scotland and Northern Ireland, according to the Halifax Building Society.

The national figures show that for the UK as a whole, house prices rose by 1.1 per cent in the first three months of the year, compared to a 2.7 per cent rise in the period from October to December last year.

House prices nationally are now 7.2 per cent higher than they were a year ago, while prices in Greater London are more than 17 per cent higher than they were a year ago. However, the national figures for the first three months of the year have led to speculation the boom may be waning slightly.

Simon Reeve

WILCO
 Outtasite (Outta Mind)

WILCO

THE NEW SINGLE 'OUTTASITE (OUTTA MIND)'
 TAKEN FROM THE ALBUM 'BEING THERE'
 THE FIRST GREAT ROCK ALBUM OF 1997 'TIME OUT'
 A MOMENTOUS UNMASKING 'TIME 9/10'
 'ONE OF THE YEARS BEST CD'S WHICH BORDERS ON GENIUS' STANDARD
 'THE FIRST TRULY GREAT ALBUM OF THE YEAR' INDEPENDENT
 'WILCO HAVE LEFT THEIR POST-GRUNGE COUNTRY CONTEMPORARIES BITING THE DUST' GO

تحتفظ من الأصل

Science
 the f

What mak
 for a rea
 happenin
 in 1997?

Helene Har
 84 Charing

Science, sex and Indian movies – the face of the new avant-garde

David Lister
Arts News Editor

Science will be the new avant-garde art. The Institute of Contemporary Arts in London will turn its premises over to scientists on a regular basis for think-ins, films and exhibitions on cloning and other ethical issues.

But the avant-garde, late nineties style, will also include an Indian film for a large Asian audience in St James's Park, and a rock concert where sixties' heroes play alongside young Britpop rebels.

The avant-garde is about to be redefined by the new director of the ICA, Britain's traditional keeper of the avant-garde flame, Philip Dodd, 47, who takes over at the ICA this month, says in an interview with *The Independent* that science will for the first time take its place inside the ICA with debates on ethical issues.

He is also negotiating with Westminster city council to celebrate the 50th anniversary of Indian independence with a subtitled Indian film shown to a mass audience – the first time an open air movie show has been held in a royal park.

And at the cutting edge of the new avant-garde he wants exhibitions, films and shows springing from the imaginations of artists rather than curators, and "constellations of meetings", the bringing together of different generations, of scientists, artists, musicians and designers to swap ideas.

In addition the ICA will oversee cultural exchanges between London and cities like Los Angeles to bring festivals of their art, film, music and theatre to the capital.

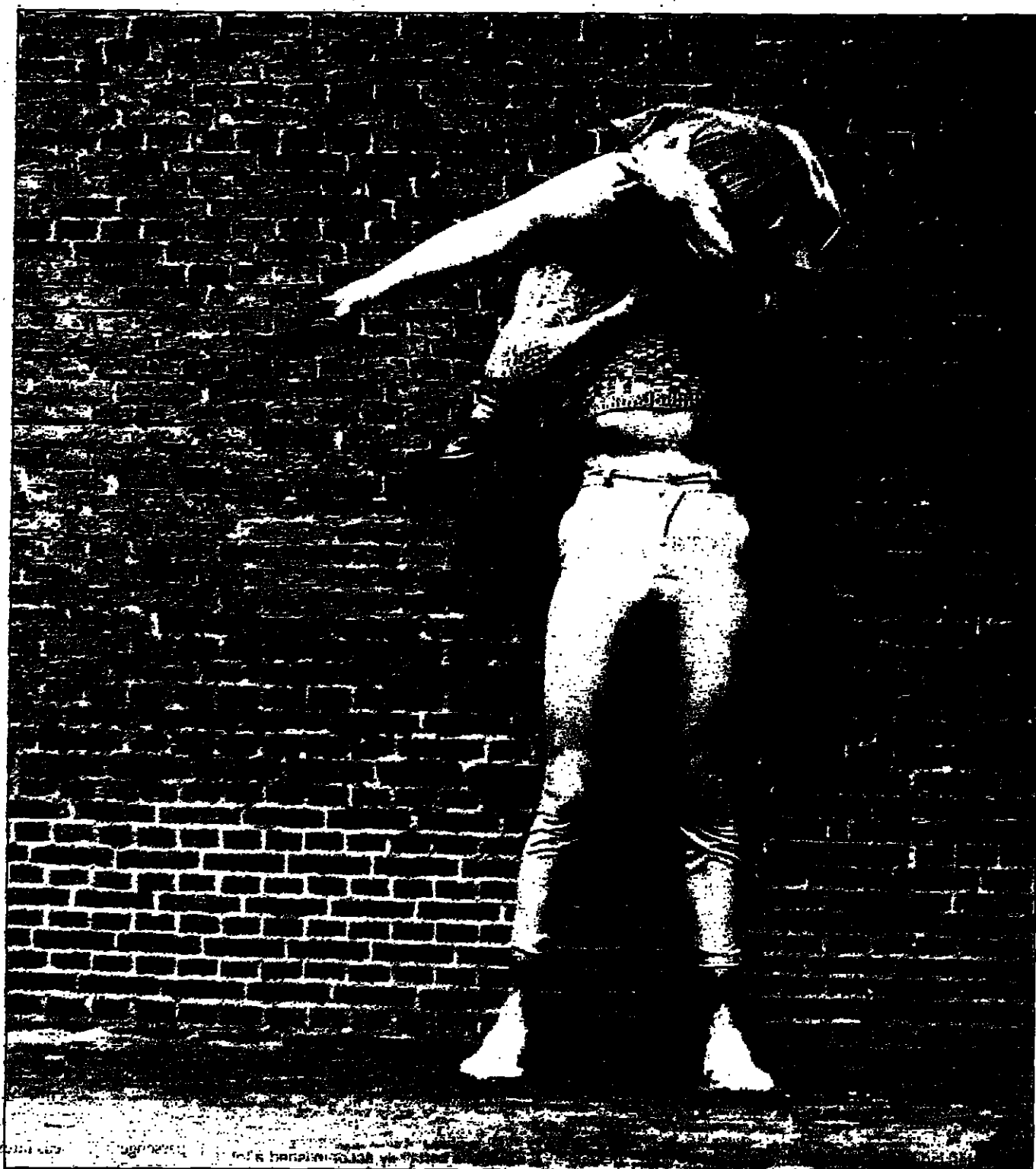
Mr Dodd is a former editor of *Sight and Sound*, the British Film Institute magazine, former deputy editor of *The New Statesman* and one of the founders of BBC's *The Late Show*. He is also a member of the independent think tank Demos and an academic who has studied the history of the avant-garde.

"Avant-garde is a word that was actually invented in the 1840s," he says. "It came from the military. It's due for a make-over. The cutting edge now is likely to come from mongrel couplings. What the avant-garde must do is bring together different groups who have not been brought together before. It must generate new ideas, new art, bring different generations together, musicians, fashion designers, artists – just as some of the most interesting work in Britain came out of the art schools, the one place where art and music and fashion all mixed, where low and high, cultural and commercial met."

"I'm setting up with Demos a think tank within the ICA to rethink the future of British design and it won't just be the usual suspects. It will take into account the revolution in retail design, how somewhere like Primark a Manger has established itself as a popular coffee space."

Despite a £200,000 or 35 per cent grant cut imposed upon the ICA by Westminster council to keep its council tax down, Mr Dodd says he is determined to do "spectacular things".

He explains: "I am negotiating to put on a big Indian movie in the park to celebrate



independence; a big gig at the Royal Festival Hall with the Clash, Pulp and Bowie – you bring together bands who would never play together elsewhere. You'd be mixing and matching the generations. I'm not going to sit down in my bloody cardigan. My son who is 16 doesn't have any embarrassment about the sixties. Young people are interested in all the generations."

He will, he promises, diminish the power

of the director and curator in art. "I don't think it's a surprise," he says, "that Damien Hirst curated Freeze [the radical art exhibition that introduced a new conceptualist generation in 1988]. Artists are closer to the ground. They are not following fashions. They are making them."

"The sixties believed in a high low distinction. I believe in promiscuity. High and low, mainstream and avant-garde, those dis-



Cutting edge: A moment from *Belladonna* (left), the ICA's first decade exhibition about millennial angst. Philip Dodd (above) the new director of the central London arts venue, says he is determined to do 'spectacular things' Photographs: Lisa May Post; Emma Boam

How the ICA swung in the Sixties

Michael Kustow, ICA director from 1967-71, reminisced in the *New Statesman* recently on a Sixties ICA "happening".

"I invited Carolee Schneeman, a New York pioneer of body and event art to do a happening in the still unfinished ICA cinema. She filled the place with foam rubber and rolled around on it naked, with images of the Vietnam war projected over her. Several members of the audience stripped off and joined in. Two days later, Lord Goodman warned that the building wasn't paid for and prospective donors might be discouraged by accounts of such happenings."



An ICA show in 1969 Rex

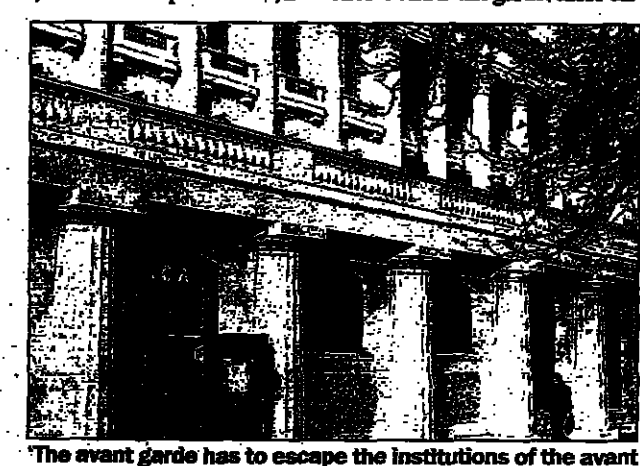
What makes for a real happening in 1997?

Julia Peyton Jones, director of the Serpentine Gallery: "It would be foolish to ignore the presence of new technology and everything it can do in terms of photography and film. This changes the landscape in ways we cannot begin to imagine."

Rose Fenton, London International Festival of Theatre:

"A troupe called Delaguardo is coming to us from Buenos Aires. They meld mountaineering, extreme sports, dance and circus, use elemental forces like water, winds and temperature control to put the audience through the experience they are watching."

Stephen Daldry, artistic director, Royal Court: "Sex is



The avant garde has to escape the institutions of the avant garde represented by the Turner Prize and the ICA (above)

coming back into fashion big time. The club energy that's in London at the moment is very sexy. Labour and sex will probably go together. As a culture gains in confidence, sex emerges."

Robert Hewison, author of *Culture and Consensus: England and politics since 1940*: "The avant-garde has to escape the

institutions of the avant-garde represented by the Tate Gallery of modern art, the Turner Prize and the ICA."

Nancy Tilbury, 24, fashion student, Royal College of Art: "When people start wearing their computers as part of their clothing, that's avant-garde."

Additional research: Colin Blackstock

Helene Hanff – the author of '84 Charing Cross Road' – dies

Helene Hanff, author of the best-seller *84 Charing Cross Road*, has died of pneumonia, aged 80.

Sheila Murphy, of Hanff's publishers Aurum Press, said the author died on Wednesday afternoon in New York City.

Hanff captured the hearts of thousands by charting her correspondence from New York with an antiquarian bookseller in London between 1949 and 1969. The letters between the two ceased when bookseller, Frank Doel, died.

The success of the book, first published in 1971, led to its adaptation as a television drama, a West End play, and then a film starring Anne Bancroft and Anthony Hopkins. It has also been broadcast as a radio play.

In 1992, Hanff completed *Letter from New York* – an anthology of her monthly broadcasts for the BBC Radio 4 programme *Woman's Hour* in the 1980s.

Throughout her life, she was fascinated by literary London. In 1974, she wrote *The Duchess of Bloomsbury Street* which de-



Hanff: As long as books are read, people will recommend *84 Charing Cross Road*

scribed how it felt to visit the city for the first time.

Hanff had arrived in London to publish *84 Charing Cross Road* six months after the

bookshop of which she wrote closed in 1971. Her two other books, *Underfoot* in *Showbusiness* and *Apple of My Eye* look at life in New York.

Ms Murphy said: "Helen was one of the few writers I know who was deeply loved by booksellers."

"*84 Charing Cross Road* was a great example of the art of snappy letter writing. It's a classic that has never been out of print in 25 years. It's difficult to find classics that have been in print for 10 years."

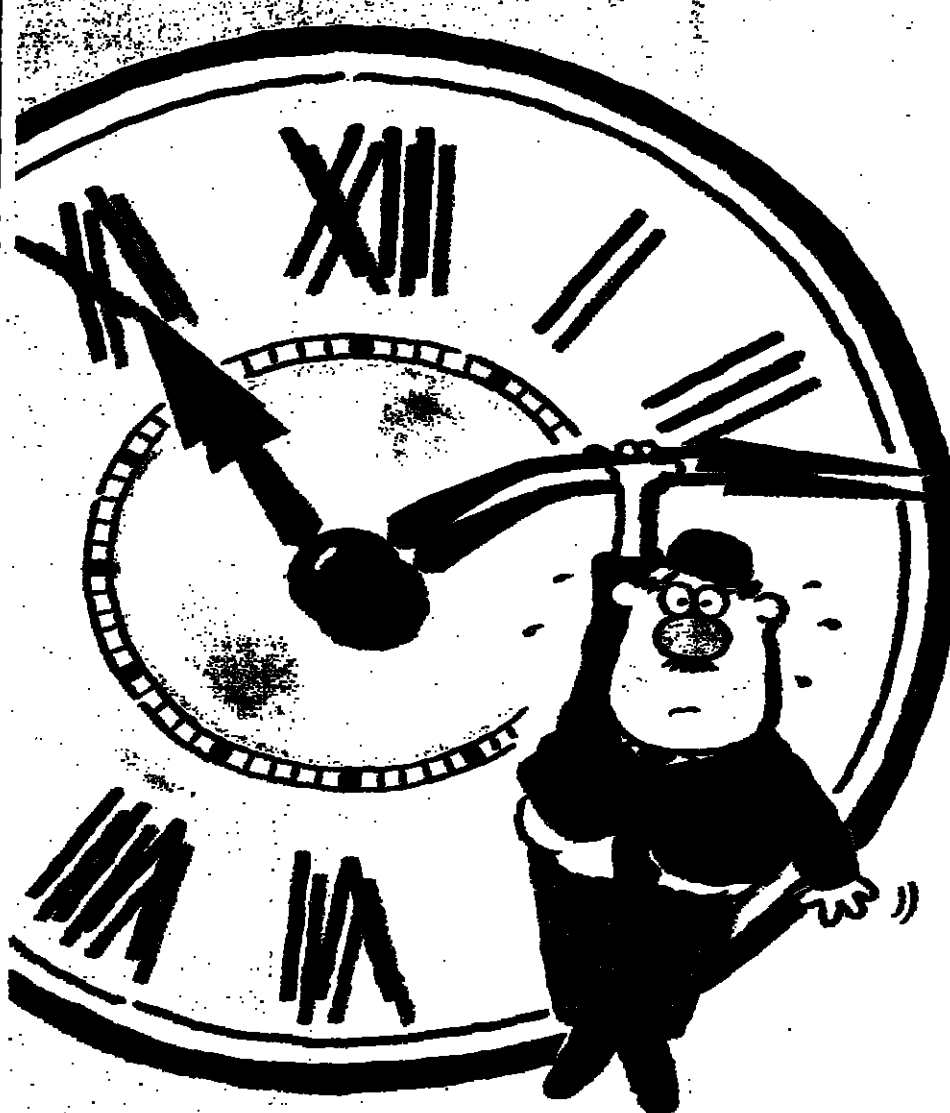
"As long as books are read, people will recommend *84 Charing Cross Road* to one another."

"When Helene was last in London five years ago she was on her third generation of fans. Readers had had the book recommended to them by their mothers."

The US-born author lived in Manhattan for most of her life. She had an apartment on East 72nd Street where fans continued to write to her up until her death. She never married and was childless.

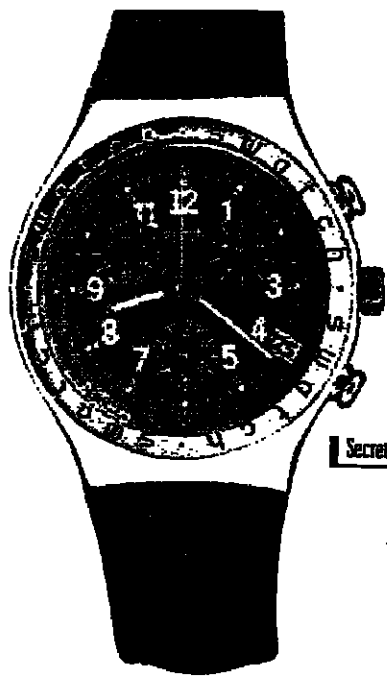
She would have been 81 next week.

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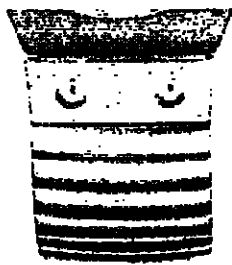


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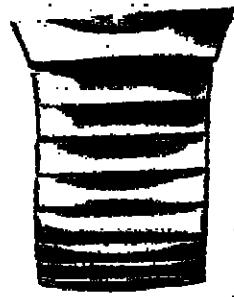
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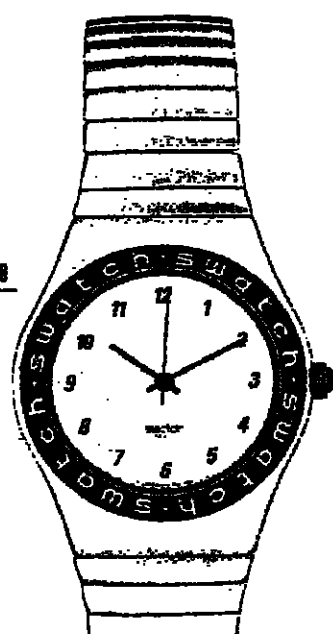
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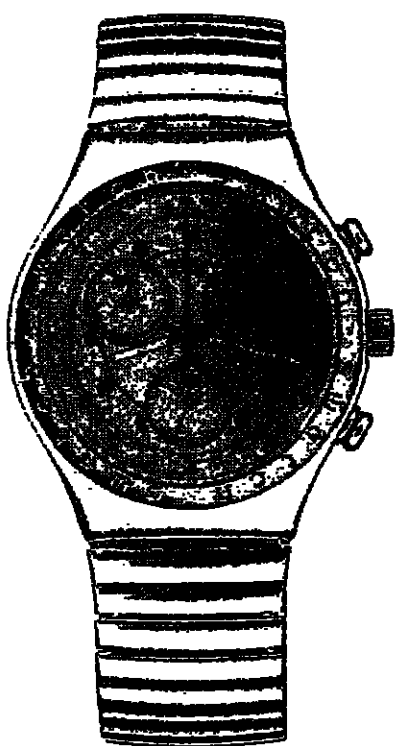
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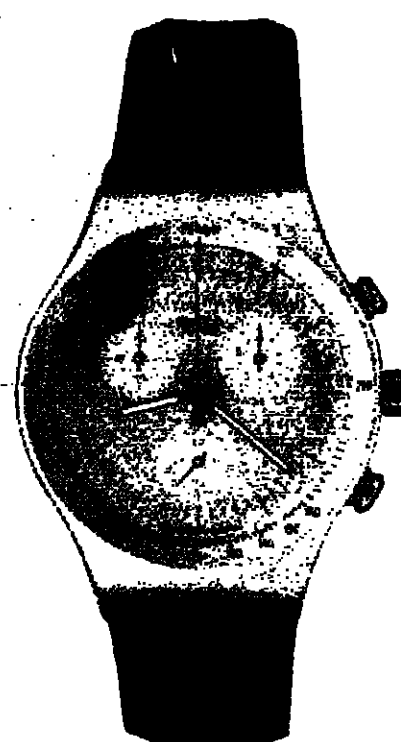


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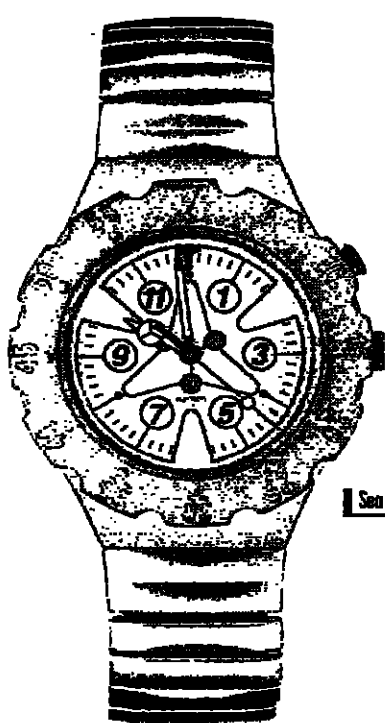
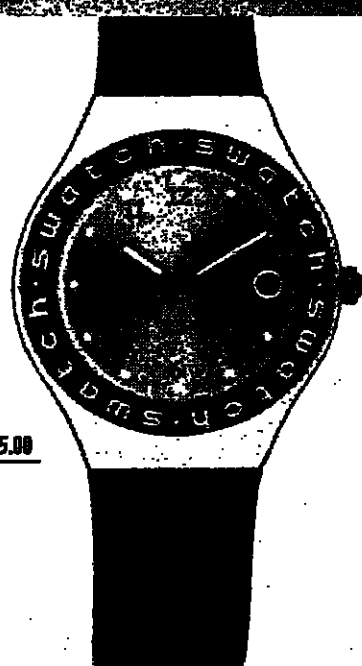


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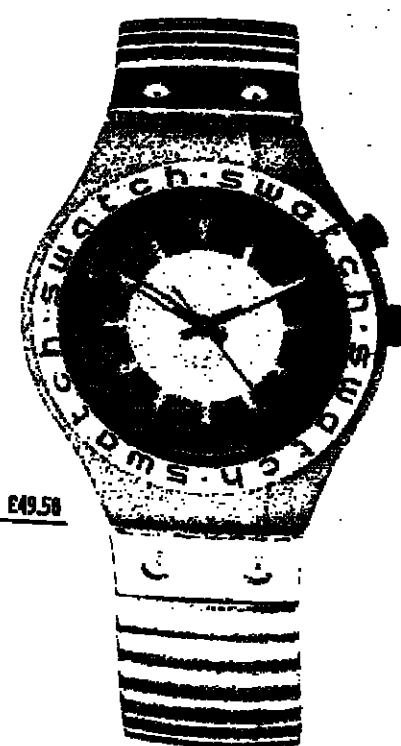


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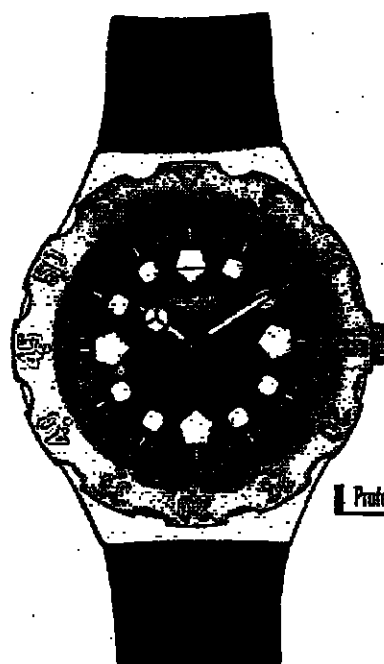
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There's a great deal going on

Failure to detect cancer linked to HRT

Bodies were stored under tight security, he said. "Once we receive the body we allocate it an identification number and send it to one of the nine medical establishments in London. Only students, teachers and the relevant technicians are allowed access to them. Measures are taken to prevent visitors getting near the dissecting room. "The bodies are used almost solely for teaching purposes and are used only in dissecting rooms. You can't just take bits of body from place to place. They are kept securely under lock and key. We even use the



Both Mr Kelly and the former employee of the Royal College of Surgeons are being investigated under the 1994 Anatomy Act, which governs the use of human remains to train doctors and strictly forbids the use of body parts for anything other than medical research and study.

The health department spokeswoman said: "The next of kin, who legally own the body, are then approached. If there

The Tabloid, page 2



On bail: The sculptor Anthony-N...

"If research shows HRT does reduce the efficacy of screening among current users and if it also shows efficacy is restored once women stop taking it, a simple way to reduce interval cancers may be to suggest that a woman stops using HRT for a short time, perhaps some weeks or months, before she is due to be screened."

[illegible]

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news

How I came close to death in the hands of Papuan rebels: British colonel tells his story



Back home: The mercenary leader Col Tim Spicer, at his home-coming press conference in London yesterday

Photograph: Emma Boam

Michael Ashworth

Retired British colonel Tim Spicer described yesterday how he was beaten up and a gun held to his head after being captured while leading a team of mercenaries in Papua New Guinea

(PNG). The chief executive of Sandline International - the mercenary organisation at the centre of the crisis in Papua New Guinea - Col Spicer said he narrowly missed death a number of times after being captured by local troops.

After arriving in Britain on Wednesday night, Col Spicer made his first public appearance yesterday at a press conference in London's Park Lane Hilton. He said his company had been contracted by the PNG government to supply

"equipment and assistance for the resolution of the internal conflict on Bougainville". The involvement of the mercenaries in PNG caused dismay amongst the country's neighbours, particularly Australia, and outraged many in the PNG

Defence Force. The situation was brought to a head when army chief Brigadier General Singirok denounced the deal and demanded the resignation of the Prime Minister, Sir Julius Chan.

As a result, Sandline employees were detained by elements of the PNG defence force loyal to Gen. Singirok and subsequently all, except Spicer, were forced to evacuate the country. Spicer was held hostage for a further six days before he was handed over to the

police whereupon he was charged with a firearms offence. This charge was later dropped by the court and appears to have been a pretext to ensure that Spicer remained in the country in order to give evidence at a judicial enquiry into the contract with Sandline.

Spicer stated that during his time in captivity: "I was subjected to illegal arrest and was deprived of my basic human rights such as the ability to contact my embassy and my family. I was physically assaulted, suffered intimidation and was subject to death threats. I had an automatic revolver put to my head on three occasions and threatened with my life".

Col Spicer reiterated Sandline's claim that the contract was above board and legal and said no bribes had been paid to secure the contract. He went on to state that he was confused by Gen Singirok's motives as "he made it clear that he was entirely supportive and enthusiastic about Sandline's role in resolving the crisis".

Col Spicer stated that the services his company provided were "as good as the training supplied by any first world army. The people we hire are extremely professional with high standards of military conduct and discipline". Sandline's areas of expertise included training for air crews, special forces training and training for electronic warfare operators. Spicer claimed his "personnel were under command of the PNG Defence Force ... there was never any question of their being a 'third force'".

The Sandline contract with the PNG government was worth \$36m (£22.1m) of which 80 per cent was equipment. Spicer said. This included 2 Soviet made attack helicopters, fixed wing aircraft, ammunition, small arms and electronic warfare equipment. A large proportion of this equipment is presently being held in Australia pending the outcome of the inquiry.

Spicer stated that Sandline had been paid \$18m (£11m) so far and was awaiting the outcome of the inquiry before negotiating for the funds still outstanding.

He said he would be "taking a break before he made any other plans".

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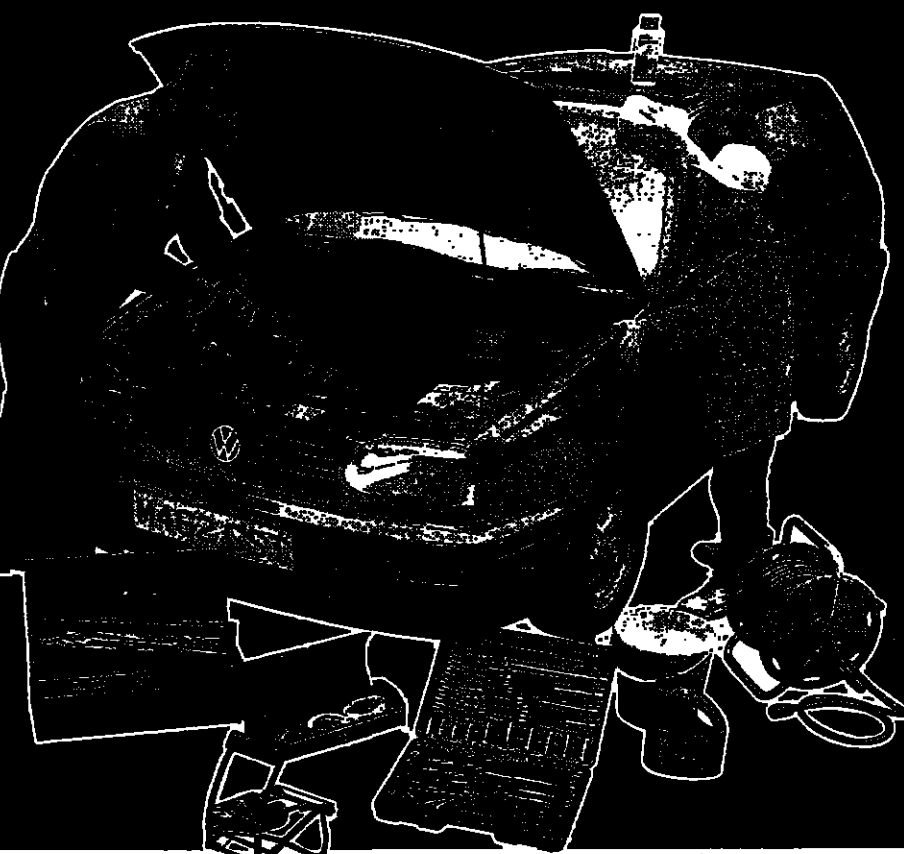
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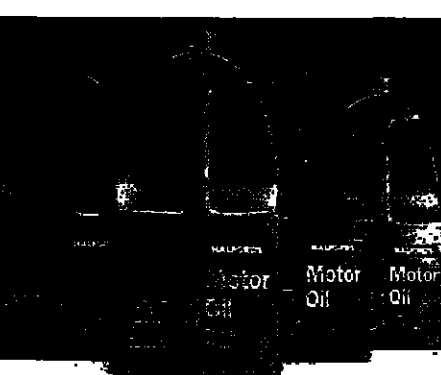
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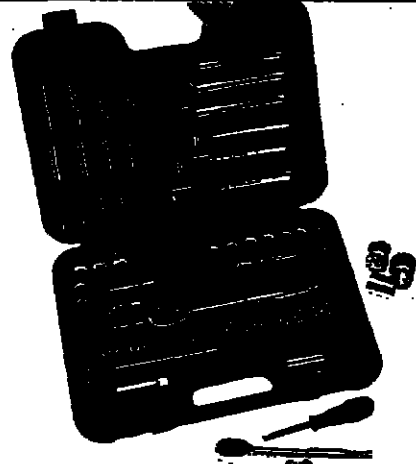
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DAILY POEM

Days

By Ralph Waldo Emerson

*Daughters of Time, the hypocritical Days,
Muffled and dumb like barefoot dervishes,
And marching single in an endless file,
Bring diadems and jagged crowns in their hands.
To each they offer gifts after his will:
Bread, kingdoms, stars, and sky that holds them all.
I, in my pleached garden, watched the pomp,
Forgot my morning wishes, hastily
Took a few herbs and apples, and the Day
Turned and departed silent. I, too late,
Under her solemn fillet saw the scorn.*

"Days" completes our selections from the Penguin Classics anthology of *Nineteenth-Century American Poetry*, edited by William C Spengemann with Jessica F Roberts (Penguin, £9.99). The poem was written in 1857, about the time that Emerson - having withdrawn from the controversy he caused with his attacks on organised religion in the 1830s - was returning to public affairs with his support for the Abolitionist movement.

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Carey angers teachers with call for marriage lessons in school

Lucy Ward
Education Correspondent

Schools should devote more time to teaching pupils about the importance of marriage, the Archbishop of Canterbury said yesterday.

In an intervention which reignited the debate over teachers' role in instilling moral values, Dr George Carey called on schools to teach more about marriage, "why it is important, what it needs in order to flourish and what people entering marriage need to think about".

His comments in a speech to a London University conference on values and the curriculum drew criticism, both from traditionalists who support greater moral prescription in the classroom and teachers' leaders, fearful of alienating pupils whose backgrounds did not reflect the traditional family unit.

One headteachers' union leader said Dr Carey was asking schools to go "a step too far", while Doug McAvoy, general secretary of the National Union of Teachers, said teachers risked losing the respect of children from one-parent homes if they "preached that their is something wrong with their environment

because they don't have two parents."

The debate rekindled the controversy which surrounded the work last year of a National Forum for Values in Education and the Community, which was set up by government curriculum advisers to identify "shared values" as guidance for schools.

The forum came under fire from a minority of its members and from Church groups who accused it of failing to emphasise the supremacy of marriage. Its statement of values was modified after consultation to include support for "marriage as the traditional form of the family, whilst recognising that the love and commitment required for a secure and happy childhood can be found in families of other kinds".

Dr Carey yesterday said he endorsed the forum's statement as a starting point, but he believed schools should go further. He urged them to build on the guidance and translate it into "a great deal of new thinking and classroom work about the institution of marriage".

Headteachers' leaders suggested their members would run into both practical and ideological difficulties if they followed Dr Carey's advice.

John Sutton, general secretary of the Secondary Heads Association, said the dictates of the National Curriculum left only a limited time for personal and social education.

Teachers already discussed relationships including marriage, he said, but used "a fair amount of discretion" because of the variety of pupils' backgrounds. He added: "It is not a question of someone standing in front of a class and saying 'marriage good, divorce bad'. It is a question of someone saying there is a whole complexity of human relationships out there."

The values forum would do little to change schools' practice on teaching values, he suggested, although teachers would welcome new curriculum materials to use in the classroom.

Roger Hewins, president of the National Association of Head Teachers, challenged the Archbishop's right to advise teachers. Asking schools to teach more about marriage was "demanding a step too far", he said. "We stand in loco parentis and develop our relationships with pupils according to that, but to take it further and say we support a particular institution I think would be offensive to some of our parents".

However, Guy Hordern, one of the traditionalists who led the dissenting group on the values forum, accused Dr Carey of failing to reiterate earlier pronouncements that marriage was the "ideal" form of family. "There is a consensus that marriage is the ideal form of the family," he said.



Family man: Dr Carey, holding his two grandchildren. The Archbishop's intervention in the debate about teachers' role in instilling moral values has drawn criticism from teachers and traditionalists alike

Thoughts of the Archbishop

On marriage: "To my mind the specific mention [by the National Forum on Values and the Curriculum] of support for the institution of marriage can be translated into a great deal of new thinking and classroom work about the institution of marriage, why it is important, what it needs in order to flourish and what people entering marriage need to think about."

On virtues and vices: "Values and morals do not grow on trees or fall like manna from heaven, or just look after themselves. On the contrary, they are always vulnerable to the darker side of human nature, such as selfishness, greed, self-deception, vanity, lust and cowardice. Virtues need hard work [and] careful nurture."

On morality: "Morality is privatised, relativistic suspicion becomes the standard response to any talk about moral standards and it is found uncomfortable, even embarrassing to discuss morality in public."

On God: "As a result [of privatised morality], God is also banished to the private domain as a hobby or private consumer choice which suits some people, just as bird-watching, eating Chinese take-aways or going to keep-fit classes suits others."

On evil: "The social and personal damage done to us all when evil triumphs is plain to us all. Think of the social cost of dishonesty in the workplace; think of the social and personal cost of crime... In a society disfigured by moral confusion and false theories of privatised morality, a shared set of values is a significant prize."



Fined: Eco-warrior Swampy in a tunnel below A30 bypass

Swampy loses ground in runway battle

Nicole Veash

Protesters occupying the site of Manchester Airport's planned second runway lost their battle to avoid eviction yesterday as Swampy, the star eco-warrior, was fined £400 for criminal damage at the site.

The High Court in Manchester granted applications for possession orders by the airport, waiting to start work on the £172m project.

The protesters, renowned for occupying a network of trees and tunnels on the site in the Bollin Valley, Cheshire, said they planned an immediate appeal against the decision.

The orders, granted by district judge David Shannon, gave the Under Sheriff of Cheshire, Randall Hibbett, the right to start evicting campaigners from the site to allow contractors AMEC and Tarmac to start work.

Phil Benn, one of 57 protesters named at the hearing, said they would try to win an adjournment and a full trial for their case. "We are seeking an adjournment until judicial review. If any evictions were to take place now it would be extremely perilous."

"The judge refused to accept there were important matters requiring a full trial."

"It was absolutely outrageous that the judge refused to allow evidence which demonstrates the airport does not own some of the land for which they are seeking possession."

Chris Mail, legal co-ordinator for the protesters, said pa-

pers requesting leave to appeal would be lodged today.

He said the campaigners had discovered that three pockets of land on the site were not registered to the airport or anyone else.

Mr Mail yesterday filed preliminary registration of the land in his and his wife's name and would be using that as part of the grounds for appeal.

The protesters said they were now ready to begin defying any attempts at eviction, which could start at any time.

Swampy, alias 23-year-old Daniel Hooper, was fined £400 at Crewe magistrates court for breaching conditions of bail by going within four miles of the site.

Swampy became a household name in February when he was the last to emerge from deep tunnels dug under the A30 bypass in Devon. He has since joined forces with campaigners against the Manchester runway who have tunnelled under the site to prevent building work.

After the hearing, Swampy, who was on his way to have a wash and a shave when he was arrested on Wednesday night, said he would go back to the site and dig more tunnels.

The activist said: "I pleaded guilty because I wanted to get my bail conditions dropped so I could go back to the site."

"I don't feel that what I did was wrong. I know who the real guilty people are - the people who are destroying the land. We are prepared to be locked up if that is what it takes."

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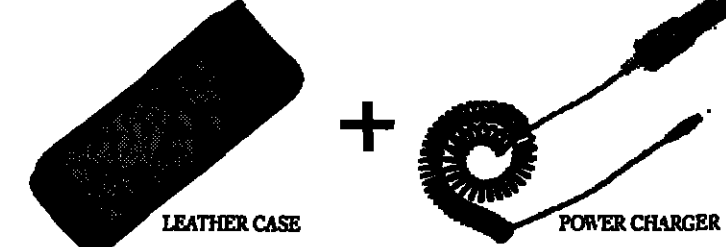
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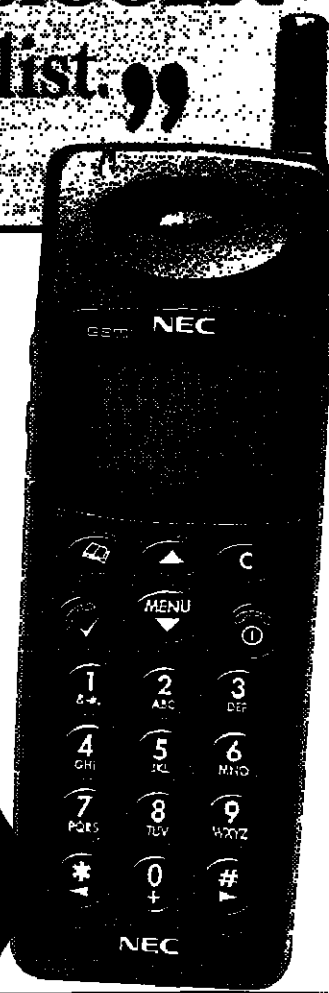
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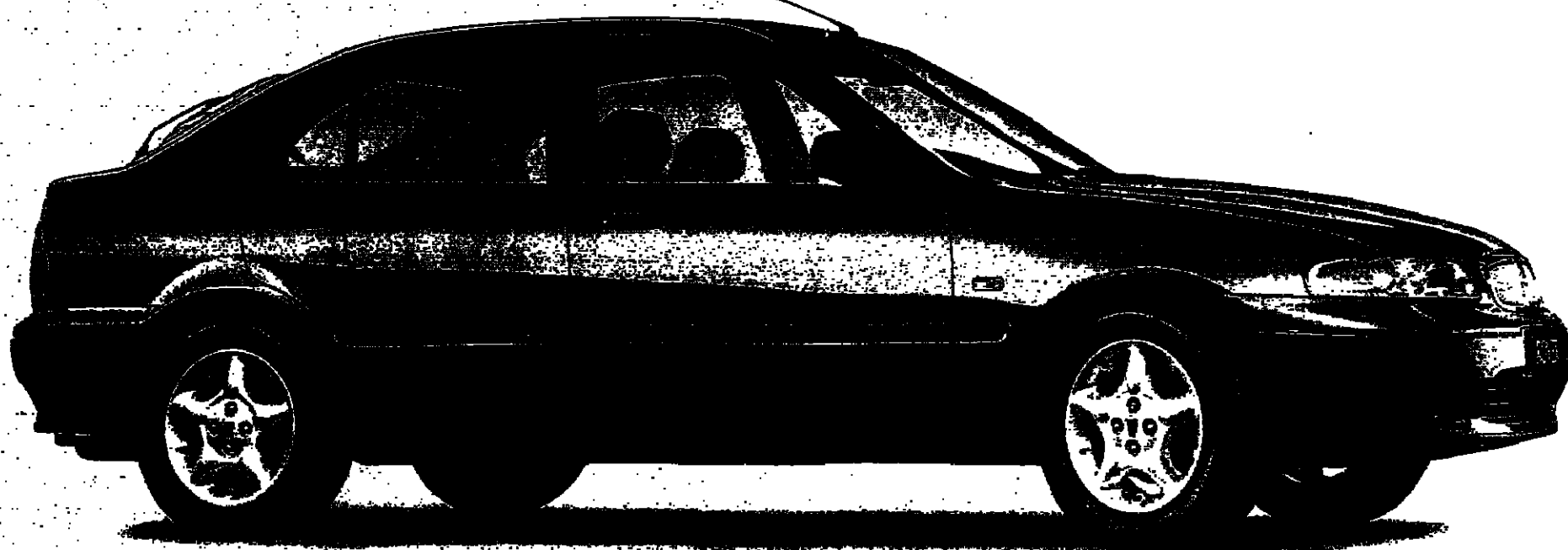
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THE INDEPENDENT election '97

Labour to put 400,000 back to work

Fran Abrams
Political Correspondent

Labour plans to get 400,000 young people off benefit and into work in its first year in government, senior officials from the party said last night.

Details of plans to find jobs for 18 to 24-year-olds who have not worked for six months were released as the Conservatives went on the offensive, claiming

the proposal would not work and would be far too costly. Until now, Labour has promised that its scheme, funded through a windfall tax on the privatised utilities, would help 250,000 people over five years. But the costings for the scheme, which Labour says have been audited by academics, are, in fact, more ambitious. They show that the party plans to spend £1bn of its

planned windfall tax, believed to be around £3bn, in its first year on getting 400,000 people into jobs. A further £500m would be spent in each of the following four years.

As the Conservatives pointed out yesterday, the number of 18 to 24-year-olds has fallen to 198,000 from 280,000 since November 1995, when Gordon Brown first made the promise. However, Labour says that

each month 27,000 more young people reach the stage where they have been unemployed for six months. So, although the total number is not going up, a rolling programme is needed to reduce it.

Last night a party official said the plan to offer jobs to 250,000 young people over five years was very conservative. In fact, a Labour government should be able to help far more

people than that. The party says independent costings by other academics have also shown benefit savings will ensure the programme will pay for itself after the first five years. Labour said as many as 550,000 18 to 24-year-olds were not in work, education or training.

The Tories claimed the plan would cost £1.6bn per year, and a £3bn windfall tax would run out in less than two years.

However, Labour countered that the Conservative claim did not take into account the savings that would be made through getting people off benefit.

"The whole point about this is that in the first couple of years you have to deal with the stock of people who are unemployed for over six months, plus all the new people who are coming on," the party official said.

"Our pledge is a cautious and conservative estimate of what we can do."

Earlier, Gillian Shephard, the Secretary of State for Education and Employment, had said the policy was incorrectly costed, and, coupled with the minimum wage and the Social Chapter, would mean more unemployment, not less. "When will Labour learn that you cannot place extra

taxes on business in the form of a national minimum wage and the Social Chapter, and at the same time introduce subsidies for businesses to take on the long-term unemployed?" she asked.

"In contrast to Labour's plans, we have in place a costed and coherent programme of training measures for young people. Are you aware of this, Mr Brown? Obviously not."

Quake that was more of a wobble

THE INDEPENDENT HARRIS POLL

John Rentoul

Labour's lead is closing only slowly, according to today's *Independent/Harris* poll, which gives Tony Blair a 22-point lead, down from 24 last week.

The findings reinforce the suspicion that the MORI poll for yesterday's *Times*, which showed the gap between the two main parties closing by 12 points in a week, was more a statistical wobble than a political earthquake. Harris's interviews were done from last Friday to Monday, before MORI's, which were all done on Tuesday.

But Gallup, polling on Monday to Wednesday for the *Telegraph*, has recorded a two-point rise in Labour's lead over the last week.

The *Independent/Harris* poll contains more evidence of a hardening of the Tory vote, with more supporters (77 per cent) saying they are certain to vote than Labour supporters (74 per cent), but the difference is not significant.

The apparently dramatic drop in Labour's lead shown by MORI is partly because its latest finding is being compared with last week's unusually high Labour lead of 27 points. But polls carried out in a single day are notoriously variable, because they are vulnerable to one-off factors such as popular television events, which make people reluctant to speak to doorstep interviewers.

The other feature of the polls which is puzzling commentators is the consistency of Labour leads posted by ICM, although the trend in ICM's polls is also one of a slow narrowing of the gap. Part of the explanation for the difference between ICM and the rest is that its interviewers do two things before asking how people will vote. First, they ask people how likely they are to vote. "What we are attempting to do is to get people to think more clearly about whether they are going to

vote and what they would actually do if they were in the polling station," says Nick Sparrow, ICM managing director. The company's research suggests that up to 6 per cent of those interviewed will happily say who they intend to vote for, while not actually intending to vote, either because they are not registered or because they are not motivated enough.

Secondly, ICM remind people of the names of the three main parties (four in Scotland and Wales), which boosts Liberal Democrat support at the expense of Labour. Next week Harris will change to a similar method by using a showcard listing the parties to ask how people intend to vote.

Mr Sparrow says the profile of the electorate used to weight his data is "exactly the same as the other pollsters" but believes the greater anonymity of telephone interviews encourages Tory supporters to declare themselves. Although the gap may be narrowing slightly, the movement is slow and Labour is still so far ahead that comparisons with previous elections are difficult to make. The average of the most recent polls from the five leading polling companies points to a Labour majority of 227 seats; our poll says 229. Yesterday's MORI poll, which showed Labour lead of 15 points, would still give it a 159-seat majority. This week's ICM poll, whose findings are most optimistic for the Conservatives, suggests a majority of 109.

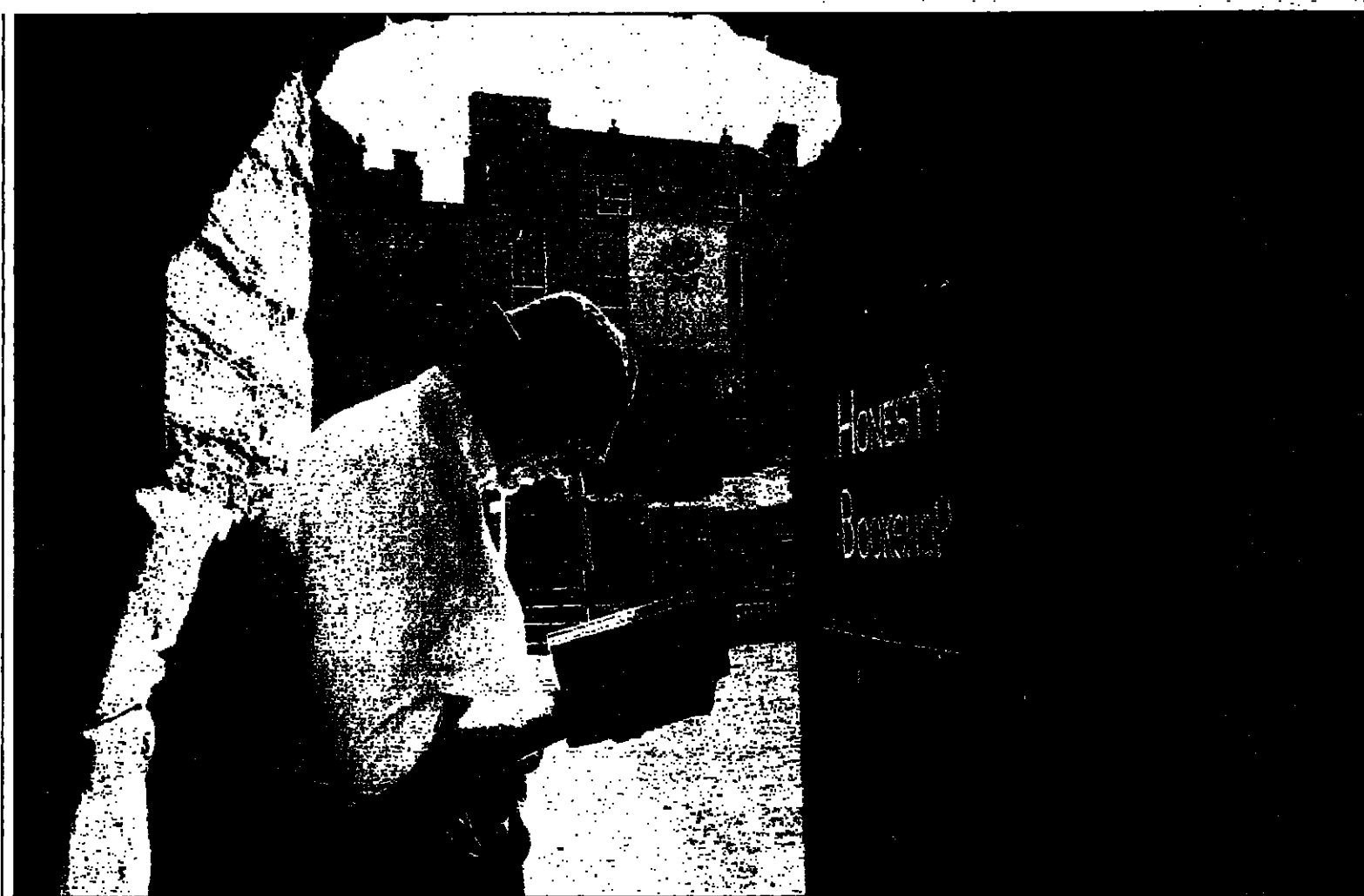
Even if the polls collectively were as far out this time as they were last time, Mr Blair would have a majority of 135. In the last two general-election campaigns, the average leads shown by the opinion polls did not change significantly over the final three weeks of the campaign.

Harris Research interviewed 1,138 adults face-to-face in their homes between 4 and 7 April.

Poll position: How it all adds up

	7 Mar	14 Mar	21 Mar	28 Mar	4 April	Now
Labour	53	52	56	54	52	52%
Con	32	27	29	30	28	30%
Lib Dem	10	14	10	11	14	12%
Others	4	7	5	5	6	6%

The Independent/Harris poll



The bookish voter: A man browsing outside the Honesty Bookshop in Hay-on-Wye, the world's second-hand books capital. Photograph: Rob Stratton

King of Hay switches his allegiance

Tony Heath

Labour received a royal endorsement in one of Britain's key three-way marginals yesterday. The seal of approval – a 20ft x 10ft red rose banner – was unfurled at Hay Castle, the 17th-century home of Richard Booth, self-styled King of Hay, whose dedication to the printed word has made Hay-on-Wye the second-hand books capital of the world.

At the 1992 election Mr Booth endorsed the Tory par-

ty. Five years on, his palatial castle is surrounded by banners urging support for Chris Mann, Labour's candidate for Brecon and Radnorshire. Ron Davies the party's Welsh spokesman, unfurled the yellow and red banner from a top-floor window. "It is very significant that someone as influential as Mr Booth who has put the town on the map should be supporting Labour with as much energy as he put in building up a global business," Mr Davies said. Market day crowds in the

town's narrow streets appeared impressed. Peter Smith, a trainee psychologist who was browsing in the Honesty Bookshop, said: "If you want a Labour government then you have to vote Labour, especially here where a Liberal vote is just a waste because the Liberals will never be in government. I want the Tories out so it's clear where my cross will be put."

At 74, Emma Jones is still at work as warden of an old people's home. She said: "The state pension's not enough so I'm still

at work. When the Tories broke the link between earnings and pensions they insulted people who worked hard all their lives."

Brecon and Radnorshire is a vast tract stretching from the old mining town of Ystradgynlais in the south, to Knighton 60 miles away in the north, a town so close to the English border that the train station is in Shropshire. The constituency is being fought for with few holds barred. John Major made it his only visit to Wales earlier this week to support Jonathan

Evans, a junior Welsh Office minister, who scraped in by 130 votes in 1992.

Richard Livesey, a 61-year-old farmer and lecturer in flying the Liberal Democrat flag again. For Labour, Mr Mann, 46, and a probation officer is contesting the seat for a second time.

The Referendum Party is fielding Liz Phillips, a local community councillor. At 21, Plaid Cymru's Steven Cornelius claims to be the youngest candidate in Britain. Both will do well if they save their deposits.

JCB chief digging for Tory victory

Colin Brown
Chief Political Correspondent

Tony Blair was yesterday disowned by the head of JCB. Sir Anthony Bamford, whom he described as a member of his winning "team", Sir Anthony invited John Major to stage a rally at his 175-acre plant in Staffordshire as a show of support for the Tories, and accused the Labour leader of trying to "rope him in".

Interviewed while Mr Major and his wife Norma chatted to his workers, Sir Anthony cast doubts on Mr Blair's fitness for office.

Comparing the two leaders,

he said Mr Major had been Foreign Secretary and Chancellor before becoming Prime Minister. "The other one, I don't think he has done a job in his life and that is the top and bottom of it."

Tory party officials said he was furious at the way Labour had played up a visit by Mr Blair last September after the TUC conference, when he described the Labour leader as "a refreshing politician".

Mr Blair described the trade union relations in the JCB plant in his keynote speech to the party conference. "We are on the same side, the same team, Britain united, and we will win," he said.

Sir Anthony yesterday said he was backing the Tories to win the election. "I am not a Labour voter. I haven't been nor will I be. We invite politicians of all colours here. Blair came as a very welcome visitor. He was impressive but he has never been tried as Prime Minister."

Sir Anthony's repudiation of Mr Blair came as a further boost to Tory morale, seeking what the Americans call "big Mo" – the momentum to carry their campaign forward after being stalled for three weeks on sleaze. But it carries clear risks for Mr Major. Sir Anthony is a strong Euro-sceptic who is opposed to the single currency.

"Having one currency in Europe, everybody knows just doesn't end there – you have a central bank, a common interest rate; it's a political thing, we end up with a federal Europe which I'm really against."

Sir Anthony is rated one of the richest men in Britain, with a fortune based on the machine that bears the family initials and has become synonymous with industrial diggers. He said he had won a lot of money betting on Mr Major to win last time, and had bet on him again to win. He refused to confirm he was a donor to party funds, but Mr Blair told the party conference last year that Sir Anthony was

one of the main backers of the Tory party, and it is believed he is among the top earners who have helped to fill the Tory war chest for the election.

A Labour spokesman last night denied Mr Blair had said Sir Anthony Bamford was one of the party's backers. A spokesman said: "We have never said that hundreds and hundreds of business people are all going to start voting Labour. What we have said is that there's a new relationship with Labour. They are prepared to talk to Labour in a way which has not happened in the past. We welcome that new and changed relationship."

The Lib-Dems wanted to create an "opportunity Britain where everybody has the chance to be a somebody." That commitment had been one of the central principles of Liberalism since the political movement was founded.

He wanted the Liberal Democrats to be recognised as the education party. "In the years ahead, the economic success of our country will stand or fall on the education of Britain's people."

"That's why education is so important. Why our party's No.1 priority is to make Britain the world's best-educated nation, the leading learning society, in the next century."

The cornerstone of the policy would be £10bn worth of extra investment over the next five years, funded by an extra penny on income tax. Yesterday's report from the Institute of Fiscal Studies showed there was a real choice facing both other parties. They could either keep their promises on tax or break those pledges by maintaining decent services. By accepting the government's expenditure plans they had bought in to the "Conservative con trick".

With 5,000 Lib-Dem councillors in the country it was no longer a party of protest, but the party of power. "No longer a party of protest, but a vote for winners."

THE HURRIED VOTER'S GUIDE

THE CAMPAIGN

As Labour prepared for today's business manifesto launch, the Conservatives set up a two-pronged attack on its union links. John Major told an enthusiastic audience in Rochester, Staffordshire, that union leaders were both paying for a Labour victory and praying for one. Under new Labour the unions would have rights even Michael Foot never dreamed of, he said. The President of the Board of Trade, Ian Lang, wrote to union leaders to say he was "mystified" by their silence on Labour's privatisation plans. Mr Blair retorted that anyone who tried to bully a government led by him would receive short shrift. The Liberal Democrats began the day, for the second time in a week, with a briefing on the state of the health service. Then the party's leader, Paddy Ashdown, wrote to both Tony Blair and John Major to ask how they intended to find enough money to avert an impending crisis in the education and health services.

Tony Blair said he felt like a pop star after he was mobbed by hundreds of screaming schoolchildren as he arrived at a Midlands comprehensive. Mr Blair and his wife Cherie landed by helicopter in the middle of the playing fields of Arrow Vale High School, Redditch, to be greeted by hordes of excited youngsters.

KEY ARGUMENTS

Labour tried to keep up the pressure on the Conservatives on taxation, with claims that the Chancellor had admitted families were paying £7 more in taxes each week than at the last election. "The Chancellor has now confirmed what Labour has been saying – that taxes have risen since the last general election," the Shadow Chancellor, Gordon Brown, said. The Conservatives, meanwhile, were also anxious to keep up the pressure. They began by targeting Labour's Welfare to Work plans before moving on to privatisation, the unions and Europe. Mr Major claimed Britain's adoption of the social chapter would "conscript our young people into Europe's army of the unemployed". The privatisation of Air Traffic Control hit the headlines early in the day, when a union official said he had been assured by Labour that it was still opposed to such a move. Labour countered that it was no longer against the sale, but could not see how it would make any money. Paddy Ashdown was forced to deny rumours that he would stand down after the election, joking that his successor had not even done A-levels yet.

GOOD DAY



Jimmy Young excelled himself yesterday when he succeeded in pinning down over the future of the air traffic control system. Despite Mr Blair's appeals to "leave that aside as it is", Jimmy pressed hard to get an answer on which member of Labour's transport team had ruled out privatisation. Eventually Mr Blair gave a clear answer. "I'm not sure... I simply don't know," he said.

ONE TO REMEMBER

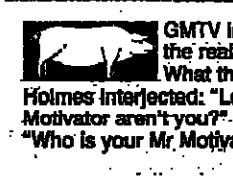
Major himself reminded the electorate that election pledges should be viewed with some cynicism. Asked about the promise and performance at the last election, he said: "We have never hidden the fact that during the recession we put up taxes and we are now bringing them down." Election promises tend to be based on predictions, but "I have learnt from experience that no one can absolutely foresee what will happen in the future."

BAD DAY



Imagine enjoying your early days on earth at a farm in Scotland and suddenly a politician arrives from London, picks you up and starts bawling at you. The poor lamb, at Stagehall Farm, Galashiels, separated from mum by Paddy Ashdown understandably was upset as indeed was mother who was shaping up to butt the Lib Dem leader. The farmer's solution? He advised Paddy to start bleating to calm mother and babe.

HOGWASH



GMTV interviewer Fiona Phillips attempted to tackle Gillian Shephard on the real issues: "Everyone is saying what the Labour Party hasn't done. What the Tories haven't done. What are you going to do?" But Eamonn Holmes interjected: "Let's talk about positive things." "You're quite a fan of Mr Motivator aren't you?" said Ms Phillips. "That is perfectly true," revealed Mrs Shephard. "Who is your Mr Motivator?" "Mr Major is a great motivator as far as I am concerned."

THE OTHER PARTIES

The Scottish National Party claimed it had won the economic argument for independence, with their Treasury spokesman, John Swinney, claiming "the entire unionist case against the economics of independence has centred on the myth of a subsidy, and it has now been destroyed."

MEDIA STAR

Peter Hitchens of the *Daily Express* made himself the centre of attention when he tried to catch out Mr Blair in Labour's morning press conference. He asked the Labour leader whether it wasn't hypocritical of him to send his son to a grant-maintained school. Mr Blair said: "We are quite committed to maintaining church schools." Mr Hitchens replied that this was not a proper answer. Mr Blair said it was, and both men talked at each other until Mr Hitchens, a long-time irritant at Labour press conferences, was warned that he risked not being called again.

Handwritten signature or mark at the bottom of the page.

Charities gang up on Blair and Major

Nicholas Schoon
Environment Correspondent

A coalition of leading pressure groups and charities will today attack John Major and Tony Blair for ignoring issues concerning morality, social justice and the environment which, they insist, are of real concern to voters.

The Real World Coalition, made up of groups with more than 2.4 million registered members or supporters, said its opinion poll carried out by MORI last week showed that people cared deeply about problems the Conservatives

and Labour did not want to talk about. But it exempted the Liberal Democrats from its claim that the main parties had "betrayed the electorate".

"The major parties conspire among themselves to keep such issues off the election agenda," said Jonathan Porritt, founder of the coalition and its leading spokesman. He said this had happened in past elections despite "overwhelming evidence of just how much people care about environmental and social justice issues".

The attack today comes towards the end of a week in which 11 British churches com-

bined to call for higher taxes and increased public spending in their report, *Unemployment and the Future of Work*.

Paddy Ashdown, the Liberal Democrat leader, has also accused Labour of concentrating its energies on wooing just 70,000 uncertain voters in key marginal constituencies rather than all 44 million registered voters.

Real World's poll was carried out among 1,069 adults and was paid for by two members of the coalition, Oxfam and Friends of the Earth. People were questioned about 10 of Real World's key issues, ranging from clear targets for cutting road traffic

The quality of life index			
Issue	% Important	Very Important %	
Providing affordable homes	81	88	
Reducing the gap between rich and poor	80	87	
Reducing the gap between rich and poor	80	87	
Reducing the gap between rich and poor	80	87	
Reducing the gap between rich and poor	80	87	
Reducing the gap between rich and poor	80	87	
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Reducing the gap between rich and poor	80	87	
Reducing the gap between rich and poor	80	87	

to policies to reduce the gap between rich and poor in Britain and worldwide.

The issue given greatest priority was "providing affordable homes for those that need

them" followed by "tougher laws on the international arm trades, including a ban on the use of land mines".

Mr Porritt said: "The poll figures are significantly higher than one would normally expect at this time in an election campaign. I'm not claiming our issues are more important than the state of schools and the health service, nor the economy or crime, but they are more important than the media and the parties appear to recognise."

Mr Blair and John Major had chosen to ignore them, he said. Real World has analysed the manifestos of the three main

parties to see how they accord with its campaigning for more help for the poor in Britain, increased third world aid, constitutional reform and greater environmental protection - all of which come together under the umbrella of "sustainable development".

Mr Porritt, a former director of Friends of the Earth, said he personally felt the Liberal Democrat manifesto had a clear lead, but the Charity Commissioners had warned Real World's members they could not endorse any one party or draw up a scorecard to show which rated highest. "Even an implied

endorsement would be going over the line," he said.

The coalition, founded just over a year ago, has 44 members. They include Oxfam, Christian Aid, Save the Children Fund, Friends of the Earth, the World Wide Fund for Nature, Charter 88 and the Child Poverty Action Group. It has 70 local groups agitating around the country.

Disappointingly for some of Real World's members, only 36 per cent of those questioned thought that increasing Britain's foreign aid was an important issue and just 9 per cent thought it very important.

Farmyard visit brings out the beast in Ashdown



It must have seemed to Paddy Ashdown as if Parliament had reassembled. He spent yesterday walking through faeces, enveloped in a pungent miasma, to the accompaniment of animal noises.

In fact, Mr Ashdown did a spot of bleating himself, writes *Barrie Clement*. The Lib Dem leader was persuaded by a farmer, Nigel Miller, that the only way to make lambs feel at ease was by imi-

tating the noise of their mothers. So the party leader found himself squatting (above) in a Scottish sheep-pen dutifully making "baa" sounds. Labour and Conservative spin-doctors would never have allowed it. Representatives of the media looked on, contributed to the zoological atmosphere and made pointed remarks about the "woolly" nature of liberal policies and how Mr Ashdown

was accusing the Government of fleecing the electorate. Mr Ashdown also encountered a bull at Stagshead Farm, near Galashiels, in the Borders. This was "Pride of the Haymount", which looked distinctly miffed, having been separated from his harem. The beast, to introduce a naval metaphor, didn't seem to like the cut of Mr Ashdown's jib. The rumour that Mr Ashdown's jib might also have re-

minded the Lib Dem leader of the House of Commons.

Some politicians will do anything to get their faces on television. Margaret Thatcher was not one to pass up such an opportunity. One of the more memorable images of the 1987 election showed her clutching a calf. There was no record of her making mooring noises.

Photograph: John Voss

Major pledges no promises that he will not raises taxes again

Anthony Bevins and
Barrie Clement

John Major was unable to give any guarantee yesterday that he would not again increase taxes, after Labour attacked him for breaking promises made during the 1992 election campaign.

Tony Blair told his daily election press conference that the Tories were running for office, but running away from their record.

"We saw it yesterday on tax," he said. "Mr Major simply cannot be allowed to get away with it when he claims the tax burden has not risen."

"Will he confirm that taxes

have risen since the election. Will he confirm that the average family is at least £7 a week worse off? Will he confirm that a two-earner family with children is £13.70 a week worse off?"

Independent Commons library data shows that the percentage of income taken in tax from a couple with two children and one earner on average earnings of £411.30 a week in the current financial year is 35.1 per cent, compared with 32.7 per cent in 1992-93, the year of the last election, and 32.2 per cent in 1978-79, when Labour was last in office. It rose to 35.7 per cent in 1995-96.

Mr Major said at his press

conference yesterday: "We have never hidden the fact that during the recession we put up taxes and we are now bringing them back down again."

But he said that Wednesday's independent report from the Institute for Fiscal Studies had also confirmed "that the average family was £15 a week better off after earnings growth, tax changes and inflation."

But when pressed on the question of Conservative plans for value-added tax - whether the Tories were going to make any further switch from direct to indirect taxes, as they had done in the past - Mr Major said again that he had no plans

to do so. "I have made that point on the basis that we are going to keep public expenditure down."

However, he added that he had to retain the qualification that no government could give an absolute guarantee. "I have learned from experience that no-one can absolutely foresee what will happen in the future."

"I did not know before the last election how long and how deep the recession would be. I said at the last election I did not intend to put up taxes - nor did I."

"But events forced us to make changes. I see no reason to suppose we would have to do

it. It is not in our minds to do so. We have no plans to do it but no-one, no Treasury minister, can absolutely foresee what will happen in the future."

Meanwhile, Paddy Ashdown yesterday wrote to Mr Major and Mr Blair, challenging them to prove their spending plans would not result in the "devastation" of public services.

Grabbing an issue which he hopes will at last give him a high profile in the election campaign, the Liberal Democrat leader argued that the planned financial stringency of the two main parties would result in a crisis in health, education and other services.

Blair shies from encounter with Harrods king

Steve Boggan

Tony Blair threw his campaign schedule into chaos yesterday to avoid a potentially embarrassing meeting with Mohamed Al Fayed, the owner of Harrods.

The Labour leader refrained from boarding his campaign helicopter until Mr Fayed's had landed and the man at the centre of the cash for questions controversy had driven away.

Mr Blair's delay, at Battersea Heliport, south London, came when his press secretary, Alastair Campbell, spotted two photographers smiling gleefully on the tarmac.

They had learned that Mr Fayed's Sikorsky 76 was due to land from his estate in Boreham, Surrey, just as Mr Blair was due to board his Cab Air Squirrel bound for a meeting with children at a school in Redditch.

"Their eyes lit up and we re-

alised that a meeting could have been misconstrued," said a senior Labour source. "We don't have anything against anyone, but a meeting could have been misconstrued."

As a result, Mr Blair joined his wife, Cherie, back inside the terminal and waited until Mr Fayed had been whisked away.

Last night, a spokesman for Harrods said Mr Fayed believed Mr Blair had missed a great opportunity. "It was a great chance to have a Livingstone/Stanley meeting because he could have thanked his greatest benefactor."

He could have had the opportunity to say, "Hello, Mohamed, thanks a bunch for getting rid of all those Tory ministers." The delay, and a refusing stop in Elstree, meant that Mr Blair's visit to the Arrow Vale high school in Redditch was cut short.



Tony Blair arriving at Redditch yesterday

Photograph: Edward Sykes

However, he was given a loud welcome and, despite the reason for cutting short his visit, he told pupils not to feel cynical about politicians.

Support among passers-by and nearby residents suggested that the constituency - identified by *The Independent* as an area as vital as Basildon for victory - was tuning to Labour.

"I've begun to notice a few people switching. People are fed up of unemployment and sleaze."

Later in the day, the Labour leader travelled to Warwick University where he spoke by satellite to businessmen and

women in Malaysia and Hong Kong. The talk was of technology, manufacturing and the training of a "flexible workforce", one of Mr Blair's major themes.

Mr Blair tried hard not to acknowledge it, but it was clear from the behaviour of his hosts at Warwick and his satellite correspondents, that they viewed him as the next prime minister.

political shorts

Record postal votes hold key to marginal seats

Record numbers of postal voters could decide the outcome in a number of seats, according to election administrators. In Southampton Itchen, the number of applications for postal votes already received is enough to wipe out the majority won last time by Labour's John Denham. Each of the city's two marginal seats has seen 1,500 applications. "At the rate they're coming in we'll be closing in on 2,000 by next Wednesday," said Malcolm Dumper, elections officer.

Labour's majority in Itchen is only 1,053. James Hill, Tory MP for Test, Hampshire, defends a majority of 2,722. Boosted by a local-radio information campaign, postal votes will be well up on the 1,500 sent out in each seat in the last election. The deadline for applications across the country is 5pm on 16 April.

John Rentoul

Labour up, Tories down in Wales

A poll for last night's ITV Wales *This Week* programme gave Labour 59 per cent of the Welsh vote, compared with 50 per cent achieved at the 1992 election. Tory support has fallen from 29 per cent five years ago to 20 per cent, with the Liberal Democrat share down from 12 per cent to 9 per cent. And Plaid Cymru support is up to 10 per cent from 9 per cent. The Referendum Party's share was 1 per cent.

Martin Bell's HQ address

In response to readers' requests, the address of Martin Bell's campaign headquarters is c/o The Longview Hotel, Manchester Road, Knutsford, Cheshire WA16 0LX. Mr Bell has asked us to make clear that until he is formally adopted as an election candidate - a decision expected on Monday evening - he cannot accept any funds. In the event of his being successfully nominated, he asks that individual contributions should not be more than £100.



The Independent is on the World Wide Web at last, with a general election web site run jointly with Virgin.

Independent/Virgin Election '97 is a highly interactive site, intended, above all else, to encourage informed debate. It cuts through the mass of facts and figures that make up everyone else's election "coverage" on the web to expose the issues that really matter to intelligent discussion.

To join us, key in the following location: <http://www.virgin.net/independent97/>

Hard line by Blair on police tactics

Jason Bennetto and Fran Abrams

The use of American-style "zero tolerance" policing in Britain thrust the issue of law and order into the election yesterday and provoked a dispute between the three major political parties and police chiefs.

The row follows comments by Charles Pollard, Chief Constable of Thames Valley Police, who said "zero tolerance" was in danger of becoming empty rhetoric that could lead to rioting by victimising ethnic minorities.

Both the Tories and Labour have grasped the concept of zero tolerance, first tested in New York where no crime however small is ignored, and promoted it in their manifestos.

But yesterday, when questioned on the issue, John Major appeared to take a more liberal stance than Tony Blair when he stressed that some petty offenders were simply "inadequate" and that resources should be targeted at professional criminals. He said: "I don't think zero tolerance to one-off offenders who may be inadequate in some way is the right way to deal with them. When you are talking about the professional criminal class it is the right way to deal with them."

Labour immediately accused the Tories of being "hopelessly split" on the issue. Jack Straw, the shadow Home Secretary, said: "John Major said that zero tolerance was not appropriate for one-off offenders. Subsequently Michael Howard [the Home Secretary] has supported such an approach. If they can't agree on whether disorder should be tackled, it is no wonder that David Mellor has said they have 'lost the plot on law and order'."

Labour sources said they agreed with chief constables that

zero-tolerance schemes should not be used in isolation and that the aggressive US approach was inappropriate to Britain.

However, Mr Blair said earlier in the day that he did not accept claims that the policy could cause riots.

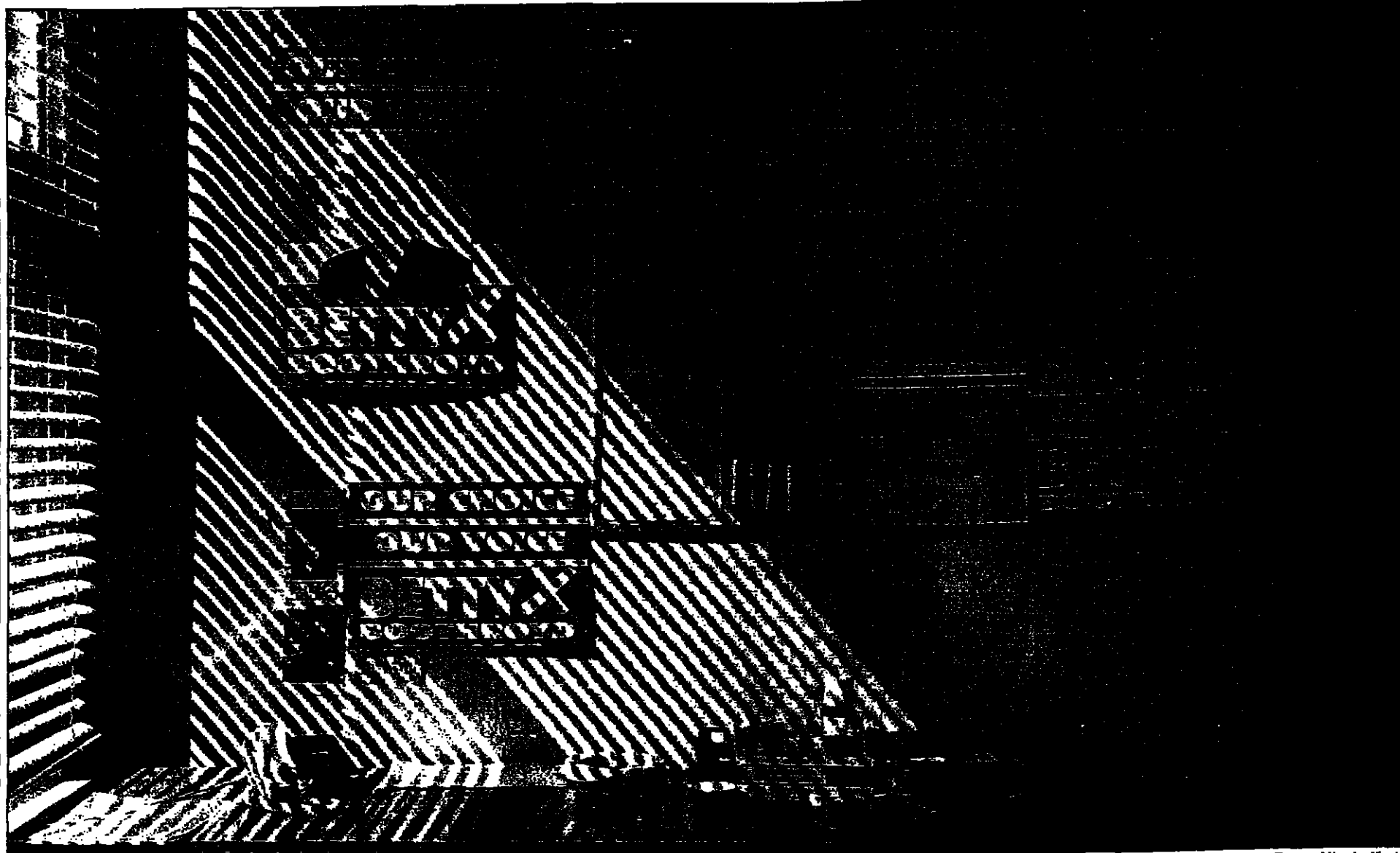
"The only way to get crime down is to say there are certain decent standards in this country and we are going to force them all the way through. I am absolutely passionate about this because otherwise you are admitting there is a level of crime you are prepared to disregard."

Alan Beith, home affairs spokesman for the Liberal Democrats, argued that zero tolerance was a "misleading phrase". He said: "If it means an intolerance to people who are simply different in their outlook and style to the rest of us, then I think it is rather a dangerous concept and there is no way you can enforce every law, every minute of every day."

Meanwhile another senior police officer, Ray White, president of the Association of Chief Police Officers and Chief Constable of Dyfed-Powys, stressed that zero-tolerance tactics were expensive, and were not a complete answer to crime.

He said: "We would also be concerned of any false impression that the police hold the key to resolution of all social ills. Other agencies and the public have vital roles to play. It would be wrong and dangerous to deal solely with the symptoms of any societal breakdown, without seeking to address its causes."

Det Chief Insp Ray Mallon, who has led a zero-tolerance style initiative in Middlesbrough, insisted, however, that such tactics could pay handsome dividends. He said: "We are not prepared to be a wishy-washy police force bumbling along."



Clean sweep: The Oldbury campaign office (above) of Speaker Betty Boothroyd (below right), who is being backed by the main parties

Photographs: David Rose, Nicole Kurtz

Chivalry tops ballot in sleaze-free zone

Kathy Marks

There is a small corner of Britain that is blissfully untainted by party politics. No mud-slinging pollutes the air in West Bromwich West; sleaze, as far as the locals are concerned, belongs on another planet.

Far from being at each other's throats in this Black Country constituency, the three main parties have formed a unique coalition. What unites them is Betty Boothroyd, the local MP, and Speaker of the House of Commons.

For the first time in 27 years, mainstream parties are observing a convention of not contesting the Speaker at a general election. Such is Miss Boothroyd's popularity here - locals call her "our Betty" - that old adversaries are working to-

gether to ensure she retains her seat. Miss Boothroyd, Labour MP for West Bromwich West since 1973, renounced her party affiliations on taking up office. In her constituency, she can campaign only as the Speaker seeking re-election, without the backing of the Labour machine.

In an exceptional display of gentlemanly behaviour, local Conservatives and Liberal Democrats have refrained from opposing Miss Boothroyd and are even helping with her campaign.

Thus the Speaker finds herself in the curious position of being proposed and seconded by two sworn political foes: Roland Vernon, Labour's constituency chairman, and Ray Partridge, his Tory opposite number.

Mr Partridge, 71, says it would be churlish to contest the

Commons' first woman Speaker. With refreshing candour, he adds: "We wouldn't win the seat anyway; it's been a Labour stronghold for years. It would be a waste of money."

In a spartan first-floor room in Oldbury, one of a cluster of former manufacturing towns that make up West Bromwich West, Dong Parrish, Miss Boothroyd's agent, is sorting through posters and leaflets.

He is a member of the all-party committee - Friends of the Speaker, also known as Betty's Backers - set up to run her campaign. At the inaugural meeting, recalls David Warburton, the committee's director, members faced a problem. What campaign colour should Miss Boothroyd adopt? Labour red was out of the question.

"I suggested black and white,

the Speaker's colours, but that was a bit funereal," he says. "Someone proposed West Bromwich Albion's colours, but they play in kelly blue. So in the end we decided on a nice parliamentary green. Let's hope Sinn Féin and the Green Party don't stand. In fact, the only candidate fighting the seat is from an extreme right-wing splinter party, the National Democrats."

Miss Boothroyd, defending a 7,830 majority, says the necessity to avoid political statements makes this, her 12th election campaign, the most difficult so far. "But I am gratified that there is so much goodwill towards me locally," she says. Despite parliament's dissolution, the Speaker's duties mean she will not be in the constituency until late next week. Once there, her engagements

include an invitation to Wednesbury Conservative Club. But while the politicians are competing to be nice to one another, some voters are disgruntled that they cannot support a party. In the seat held by the Speaker, the embodiment of parliamentary democracy, the electorate is effectively disenfranchised. "It's not fair; we're not given a choice," said Dorothy Spooner, an elderly Conservative voter. "No disrespect to Betty, but if she stays Speaker for a while, we'll never have another vote."

Perhaps the happiest person in West Bromwich West at the moment is Mr Partridge. Sitting in his living-room under a picture of the Queen, he says: "For the first time in 50 years, I'll be voting for the winning candidate in a general election."



Thatcher alters history with 'slip of the tongue'

Christian Wolmar Westminster Correspondent

Baroness Thatcher attempted to rewrite a little bit of history when she wrongly told a group of reporters this week that she had voted against the Maastricht treaty Bill in 1993.

On Wednesday, while giving a stern lecture on Europe to the press during an election visit at Aldershot football ground, she was interrupted by *The Independent* who asked her why she had signed the Single European Act. "That was about creating a Common Market," she said.

But when it was pointed out that her successor had signed the Maastricht treaty, she said:

"Ah, but I voted against it," and this was reported in some of today's newspapers.

In fact, Lady Thatcher, who was by then a member of the House of Lords, did not vote against the Bill as it passed through the Lords. The Second Reading of the Bill, after a two day debate in early June, was passed unopposed. However, when it came to the Third Reading, held on 20 July 1993, Lady Thatcher is not recorded as having voted, although some of her Eurosceptic pals such as Lord Tebbit and Lord Rees-Mogg did oppose the Bill. It was passed by a majority of 141-29.

During the debate on the Third Reading, Lady Thatcher did indeed outline her objections. She told the House that over the Single European Act "we got our fingers burnt. Do not go back to that same fire with a much bigger treaty with many more powers and get both your arms and perhaps your head burnt as well."

Her speech was clearly strongly against the Bill and she voted for an amendment which would have created a referendum on the treaty but which was heavily defeated. However, on the final vote, she was not in the chamber and there is no record in Hansard of Lady Thatcher voting on it.

Lady Thatcher is in the middle of a round Britain tour aimed at generating support for the Conservatives which she will

continue until five days before the election when she flies to Hong Kong. She launched the tour with a series of events in the South, including visits to a garden centre, a plastics factory and a school and last night she was welcomed by enthusiastic supporters at the endorsement meeting for John Marshall, in Finchley and Golders Green, which has taken in her old seat of Finchley.

A spokeswoman for Lady Thatcher said yesterday, after checking the relevant Hansards: "It was a slip of the tongue. Well spotted. Lady Thatcher did speak robustly on the debate on Maastricht but she did not vote against it." The Lady is, at last, for turning.

MEDIA WATCH

Business stars fail screen test as Labour reels out its video

Paul McCann Media Correspondent

When the Conservative Party held a press conference on Wednesday to give a preview of its first party election broadcast, its vast press centre at Conservative Central Office in Smith Square dwarfed the four journalists who turned up.

The same could not be said yesterday, when Labour's preview was attended by six times as many reporters. The reason was summed up by one who wanted to be there "when the next Jennifer's Ear breaks", referring to Labour's 1992 broadcast about the two-tier National Health Service that ended in a débâcle about who the real Jennifer was.

All this attention had quite an effect on Labour's chief spin-doctor, Peter Mandelson. When the *Mail* men asked for a transcript of the broadcast he told them it had already been sent to Conservative Central Office, implying there would be no need for the journalists to do the Tories' bidding. He also



Labour of love: Anita Roddick appearing in the video

continued his spat with *The Daily Telegraph's* political editor, George Jones. When Mr Jones raised his hand, Mr Mandelson asked him what he wanted. In November Mr Jones walked out of a Labour press conference after being baited by Mr Mandelson as a Conservative stooge. When the *Independent* asked about the industrial-relations

record of business people chosen by Labour to star in its broadcast last night the question was dismissed, even though one of the stars, Sir Terence Conran, was called a "medieval despot" by the leader of the Manufacturing Science and Finance Union (MSF) last year. The broadcast starred the Granada chief executive, Ger-

ry Robinson, Sir Terence, founder of Habitat and Anita Roddick, of the Body Shop. "If you look at what Tony Blair has done in actually creating New Labour, it is a phenomenal change," said Mr Robinson, while the camera filmed him being interviewed on a television in one of his rental shops. "I have no doubt at all in having set out very clear objectives for Labour in government that Tony Blair will also deliver that."

Sir Terence was in dispute with the Manufacturing Science and Finance Union (MSF) last year because, as chairman of the Design Museum in London, he refused to recognise it, even although a majority voted to negotiate terms of employment through the MSF.

Roger Lyons, MSF secretary, said last year: "The Conran image is of a soft sofa in a shop window but the harsh reality is of a medieval despot. There is a climate of fear... at the Design Museum which is ill at ease with the culture of a museum and the arts."

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Kings of spin fight for total control



Fran Abrams
Political Correspondent

At 8.17am yesterday, the Treasury minister Michael Jack was tackling tough questions on Radio Four's *Today* programme over his party's tax plans.

Ten minutes later, journalists gathering for Labour's morning press conference were handed a printed statement from the shadow Chancellor, Gordon Brown. "This morning," it said, "Michael Jack, Treasury minister, refused to say how the Conservatives would pay for their commitments."

The speed of the reaction was not exceptional. In this election, more than ever before, swift rebuttal and tight control are the key words of the parties' media strategies.

Special units run by both Labour and the Conservatives are there to ensure that no claim goes uncontradicted, no change of stance undetected, no opportunity missed.

And the strategy does not end there. Early morning briefings are carefully controlled. Earlier this week Mr Brown's press officer, Charlie Whelan, was filmed giving increasingly frantic hand signals to his boss as an



Spin kings: Alastair Campbell, Blair's press secretary, making sure things go smoothly while, above left, Charlie Whelan signals time up

Photograph: Nicola Kurtz

event over-ran: two fingers for two more questions, then one finger, then a throat-cutting motion.

Spin doctors sit or stand at the back, pointing out the whereabouts of favoured journalists and preparing to add their own briefings at the end. They help to ensure that the hierarchy of the press is maintained: BBC or ITN with the

first question, other broadcasters and broadsheet political editors next. Tabloids and other assorted backs take pot luck but usually find that Brian Mawhinney is by far the most even-handed in his chairing of the Conservatives' briefings.

Even the least favoured journalists do get to ask questions, though they do not always get answers. Peter Hitchens of the

Express, who had clearly turned up at Labour's briefing yesterday to cause trouble, protested that his question about Mr Blair's choice of school for his children had not been met head-on.

Mr Blair responded that he had been kind in even taking the question, and added: "Try to contain yourself, otherwise we might not call you again."

The number of politicians who speak at such meetings is strictly limited.

The anchor men – and they are all men – are usually Tony Blair and Gordon Brown for Labour, with Robin Cook making the odd appearance, John Major and Brian Mawhinney for the Conservatives, with Michael Heseltine bringing up the rear.

Labour seems to have a "statutory woman" policy: there is always one on the platform, but her main contribution is to read a prepared statement. On one occasion Margaret Beckett appeared but did not say a word, and on another Ann Taylor's statement was not read at all, but handed out afterwards. The Conservatives and Liberal Democrats are not so fastidious.

The substance of the briefings is beginning to find a pattern. The Liberal Democrats, who kick off at 8am each day, try to set the tone with a statement on policy – education, crime and health so far this week.

Labour always attack the Tories but follow the agenda of the day while the Conservatives always attack Labour but the strategy varies.

QUOTES OF THE DAY

The Tory lie machine is now moving up a gear, so it is vital that we move up a gear in our positive campaigning. The contract is the key to that – Tony Blair

I did not know before the last election how long and how deep the recession would be. I said at the last election I did not intend to put up taxes, I had no plans to put up taxes, nor did I – John Major

Yesterday, as the Prime Minister continued to claim that the tax burden has not risen, the Institute for Fiscal Studies confirmed what ordinary British families already knew to be the case: they are paying more – Margaret Beckett

It's not fair; we're not given a choice. No disrespect to Betty, but if she stays Speaker for a while, we'll never have another vote – Dorothy Spooner, constituent of Commons Speaker Betty Boothroyd, who is standing unopposed

The degree of co-operation that there has been between Labour and the Liberal Democrats is specifically and exclusively on constitutional issues. On everything else we are up front competitors – Charles Kennedy

Does Martin Bell know that being shot down in Bosnia is as nothing compared to being hunted down by the British press? – Neil Hamilton

The evidence of wrongdoing endures and disqualifies Mr Hamilton as an appropriate person to be a Member of Parliament – Martin Bell

"I have been a Labour supporter, a socialist, all my life. But what it comes down to is the issue of trust, and I believe the Liberal Democrats are more trustworthy now than Labour – Agony aunt Anne Raeburn explaining why she will be voting Lib Dem

Compiled by Sam Coates

Party squabbles turn off women, say Lib-Dems

Louise Jury

Women voters are being turned off the general election by the endless inter-party squabbling, the Liberal Democrats claimed yesterday.

Politicians risked alienating women into not voting at all if the debates failed to address the issues which mattered to them, the party said.

Veteran campaigner Shirley Williams said she was "deeply worried" that women appeared to be turned off by the "cruel" and "adversarial" style of politics displayed so far.

On the doorsteps, they were keen to discuss policy, particularly education and the NHS, but that was not what was happening on the national stage.

Baroness Williams said they

were doing their best to be honest. "You can't get better services without paying for them one way or another. It's an inescapable, difficult choice."

She pointed to what happened in the America presidential elections to highlight the importance of women's votes. Bill Clinton had 18 per cent more support among women than his Republican opponent

Bob Dole because the Democrats had stressed the issues which mattered to women – education, health and the community.

Baroness Williams said: "Women won the election for Clinton."

The difference between America and Britain lay in the Liberal Democrats' determination not to neglect the large

number of women in poverty. "[We] won't pass by those men and women, but particularly women, who are badly paid and desperate to make ends meet who have been forgotten in this election."

Lord Holme, the party's campaign manager, said the number of women among the "don't knows" and undecideds was "extraordinarily high". Nearly

two-thirds of those yet to decide were women.

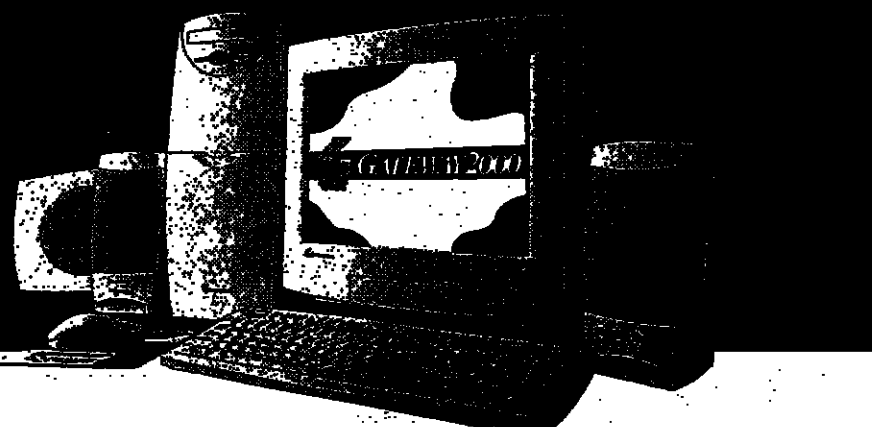
"The danger is that some are so antagonised by the Punch and Judy show that they are not voting," he said.

Aina Khan, a Muslim solicitor and Lib-Dem candidate in Ilford South, said that when she was out canvassing, she was encountering the problem of the head of the household dictating

how members of a family voted, particularly among ethnic minorities in her constituency.

"Nearly always the women will say, 'My husband will want me to vote Labour', and they have an instinct to vote Liberal Democrat and they are almost torn in loyalties." She said she stressed to them that nobody actually knew how anyone voted in a secret ballot.

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election '97

Chelsea's charmer bides his time for the canter to victory

Kim Sengupta

Alan Clark was at a pensioners' forum in his new constituency of Kensington and Chelsea. He began his address: "I have in

front of me a brilliant new pension plan which in 20 years ... A voice at the back cut in, "we will all be dead, try again". A few minutes later, he did. Some of those present were ex-

periencing difficulties with rising rents. One asked if Clark was aware of the problem in the area between landlords and tenants. The custodian of the 14th Century Saltwood Castle

and its rolling acres responded: "Yes, I understand landlords have a lot of problems ... It is a mark of the celebrated old diarist and route's continuing charm that most of the

audience at Kensington town hall did not think too badly of him. One elderly woman said: "Ah well, he is new around here, and he means well. He will know more about local issues

when he gets to know the area better." Some say Mr Clark is taking his time doing that. He is not exactly stamping the streets in the morning to the election, or at-

tending too many meetings. He took off to Scotland over Easter, and his next public walkabout? "Well it could be next Wednesday, or perhaps the Wednesday after that," said Barbara Lord, his agent.

Yesterday, he was apparently concentrating on his evening adoption meeting at Chelsea town hall - from Saltwood, in Kent. He has not bothered overmuch with the local papers either, sending all three of them copies of the one letter.

It could all, of course, be a misunderstanding - like his standing up to the military top brass at lunchtime on Tuesday. Of perhaps if one has inherited one of the safest Tory seats in the country, there is no need to try too hard.

Kensington and Chelsea is true blue through and through. The new constituency was created by merging Sir Nicholas Scott's Chelsea with Dudley Fishburn's Kensington. Most of the Labour wards were hived off to a neighbouring constituency.

Mr Clark's notional majority on the new boundaries is 21,899. Labour would need a swing of 26 per cent to win. Although a recent *London Evening Standard* poll for the capital put Labour 32 points ahead, even the most diehard Opposition activist would acknowledge that this is one Tory fortress which will not be breached.

On Sunday, Mr Clark will be 69 years old. His predecessor, Sir Nicholas Scott, who fell from grace after falling down in the street following a party, was five years younger. The wounds caused during that lingering political death and the subsequent fight for succession still have not fully healed. Mrs Lord, who used to be Sir Nicholas's agent said: "It was a terrible time and it did the party an awful lot of harm. I think a lot of people behaved very hypocritically towards Nick Scott."

Asked about Mr Clark, Mrs Lord says all the right public, supportive things (with the proviso "don't forget I have to keep my job at the end of this") and

adds: "Even if people were surprised that Mr Clark came for this seat, the result proves he was right. Of course he will win, even if there is a large swing nationally against the party, we cannot lose this."

Mr Clark described his last Conservative association, Plymouth Sutton, as "boring, petty, malign, clumsy, conspiratorial and parochial". He has made no secret of his antipathy for constituency work.

At his selection meeting for Kensington and Chelsea he said, according to someone who was present: "If you choose me I shall be grateful to you for the rest of my life."

Now he says: "I am not taking anything for granted, I shall fight hard for people here. People are so nice to me. They cross the road and wind their windows down in traffic jams. I am extremely fortunate to have been chosen."

Robert Atkinson, 43, who is the Labour candidate and leader of the Opposition in the council said: "The more Alan Clark opens his mouth, the more votes I shall get. I could not believe what he said at that pensioners' meeting about rents and landlords."

"I have been challenging him for debates in public meetings, but he kept on trying to duck out. At one stage he said he would debate with me when Blair debates Major. I could only respond by making the chicken noise. Now he has agreed to a debate, but says he cannot find the time in his diary. I don't know what he does with his time, his own people don't seem to know. He certainly does not spend it around here."

At World's End, next to one of the very few Labour enclaves in the borough, Tony Smithers, who says he is "old Labour" said: "This is a selfish area, and Alan Clark should get on very well here. Have I seen him? I think you have more chance of seeing Lord Lucan riding Shergar down the King's Road than seeing him here."



Waiting game: Alan and Clark and his wife, Jane, join members of Kensington & Chelsea Conservative Association outside the town hall yesterday

Photograph: Peter Macdonald

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AROUND THE REGIONS

Personality key to Isles' clash

The Shetland Times

While election battles over sleaze and policy changes rage in the rest of Britain, or at least that part of it represented in the national media, Shetland has been mercifully free of indignant Tory wives and headless chickens. In this, as in so many other things, it is not like the rest of the country.

A majority of just over 5,000 would not usually be considered a safe one. But in Britain's most northerly constituency, Orkney and Shetland, it is different.

In 1992, with an electorate of just under 32,000, such a majority meant Liberal Democrat MP Jim Wallace romped home with a robust 24 per cent lead.

The Conservatives and Labour came in second and third with 22 and 20 per cent of the vote. The SNP mustered just 11 per cent. It was no surprise. The islands have been a Liberal Democrat stronghold since 1950.

Despite their geographical proximity, Orkney and Shetland are quite different. Orkney is green, flat and agricultural. Shetland, although made rich by the oil boom, is built on fishing, and the *Shetland Times*' letters pages have seen furious exchanges on the question of withdrawal from the Common Fisheries Policy over the past months.

Stealing the political headlines so far has been the Rock the Vote campaign, quick off the mark in trying to get young people to use their influence.

Other issues which matter to Shetlanders range from health and education to transport, which has burgeoned in importance over the past year.

Many islanders have been alarmed by what they see as a steady erosion of air transport to and from the Isles. Twelve months ago, three companies ran services to the islands. Now there is just one, which is the subject of complaints about delays and high prices.

Indeed, Conservative candidate Hope Anderson found he could only get a round trip from Orkney to Shetland at the time he wanted by going via Aberdeen and paying a hefty £305 for the privilege.

Other candidates are James Paton for Labour, Willie Ross for the SNP and Christian Wharton for the Natural Law Party. And last week Frances Adamson unexpectedly confirmed he would stand for the Referendum Party.

Many Shetlanders vote personally rather than politically and seem to feel that Mr Wallace has earned his spurs as a hardworking constituency MP through the oil boom years, the Orkney child abuse case and the Braer oil spill.

Believing Shetland is special they want an MP who can represent the islands effectively. "Better the devil you know seems to be the feeling."

Dawn Thompson
The Shetland Times

مكتبة من الأصول

The CIA's bungle in Baghdad

Last year George J Tenet headed a US bid to destroy Saddam. 300 people died when it failed ... and next week he gets promoted. Patrick Cockburn reports



In five days George J Tenet, Deputy Director of the Central Intelligence Agency, will appear before the Senate Intelligence Committee in Washington to be confirmed as Director of the agency, which has thousands of employees and an annual budget of \$30bn (£18bn).

Mr Tenet, 44, an affable former Senate staffer, is expected to survive the hearings with ease, which is surprising, since he presided last year over one of the most disastrous operations in the history of the CIA. It took place in Iraq and by the time it ended last September some 300 Iraqis, most of them in the pay of the CIA and some at the hands of those who were, were dead. They died because of a failed CIA plan to foment a military coup against Saddam Hussein, the Iraqi leader, whom it believed was weakened by dissent within his own family. To carry out its plan the CIA used an Iraqi opposition group, the Iraqi National Accord (INA), which claimed to have many supporters in the Iraqi army and intelligence services.

But President Saddam struck last June, before the coup was launched. His security forces arrested hundreds of officers, many of whom were executed, or died under torture. Two months later the Iraqi leader sent his tanks into Iraqi Kurdistan, rolling up a vast CIA network established after the end of the Gulf war.

Iraqi intelligence was triumphant. As CIA operatives were evacuated to Guam, the CIA officer in charge of the INA operation in Amman, the Jordanian capital, received a telephone call from Baghdad from a man who asked for him by name. In the conversation which followed, according to a Washington source familiar with the intelligence world, the caller, presumably an Iraqi security officer, displayed an extensive knowledge of the CIA's plan for a coup in Iraq and the names of those involved. He concluded by suggesting the CIA pack its bags and go back to Langley, its headquarters outside Washington.

The overthrow of Saddam Hussein had been the agency's ambition since Iraq invaded Kuwait in 1990. But in May 1995, plans to get rid of the Iraqi leader reached a dead end when John Deutch, formerly the deputy Defense Secretary, became Director of the CIA.

In the wake of the scandal surrounding the unmasking of Aldrich Ames, a long-time member of the agency, as a Russian spy, the agency was desperate for a success. After the dissolution of the Soviet Union, the only target in the world whose elimination would help rebuild its reputation was Saddam Hussein.

The CIA normally refuses to comment on operational matters. But a Washington source says that when Mr Deutch told members of the agency's Operations Directorate who were experienced in Iraqi affairs about his plans to overthrow President Saddam, they rated the chances of success as low.

Despite their misgivings, the Washington fortnightly newsletter *Counterpunch* says other officers were found "ready and willing to carry out the appointed task. Their champion on the seventh floor of the CIA headquarters at Langley was George Tenet, then Deputy Director of the CIA."

Mr Tenet's background was on Capitol

Hill, where he worked for 10 years. This included a stint as director of the Senate intelligence committee, before becoming head of intelligence at the National Security Council.

When Mr Deutch brought him to the CIA as Deputy Director in the summer of 1995 he had all the skills of a Washington civil servant. But these were of little use in the treacherous world of Iraqi politics.

It seemed a good moment to renew the attack on President Saddam. Within months of Mr Deutch and Mr Tenet taking over the CIA, the Iraqi leader's two sons-in-law, Lt Gen Hussein Kamel and Col Saddam Kamil, fled to Jordan. In Amman they denounced their father-in-law and said they had "escaped because they feared Uday, the President's murderous elder son."

King Hussein, once closely allied to the Iraqi leader, turned on his old friend in Baghdad. Kamran Karadaghi, an Iraqi com-

mander of officers from the ruling elite, was riddled with Iraqi government spies.

There were other flaws in the CIA's protégé. For several years the National Accord had been sending bombs to Baghdad and other Iraqi cities from its bases in Jordan. The aim was to show the INA's foreign financial backers that the organisation had a long reach. One bomb went off in a cinema. Another, according to the Iraqi official press, exploded in 1994 outside the office of *al-Jumhuriya* newspaper, killing a child and injuring 13 people.

Iraq issued no figures for the total number of Iraqis killed and wounded by the INA bombers. But one opposition member said: "I estimate that more than 100 civilians have been killed by the bombs in Baghdad in the last three or four years."

Surprisingly, a great deal is known about the details of the INA's bombing campaign. This is because in early 1996 Abu Amneh al-Khadami, their chief bomb-maker, sat down in front of a video camera in his office in the Kurdish city of Sulaymaniyah, to complain that his superior officer had kept him short of money and supplies and was working with Iraqi intelligence.

Abu Amneh sent copies of his video to Iraqi opposition leaders abroad, one of whom gave a copy to *The Independent*, which published excerpts. Abu Amneh was very much a gun for hire. At one moment he complains: "We blew up a car and we were supposed to get \$2,000, but Adnan [his commanding officer] gave us \$1,000."

He gripes at the lack of bomb-making equipment. At a supply dump meant to contain 2,000kg of explosives, he had received only 50kg, the man in charge saying the rest had been stolen. He says: "I had to buy clocks from the souk [market] and turn them into timers."

There are frequent references to American involvement. Abu Amneh says he was recruited by an INA official who got him released from prison - he had apparently tried to kill a member of another opposition party - in Sulaymaniyah, the headquarters of the Kurdistan Democratic Party. He quotes the official as saying: "I made the American in Washington telephone Masoud Barzani [the Kurdish leader] to say 'Let Abu Amneh out of prison.'"

There is some evidence that the CIA was nervous about the bombing campaign. At one moment he says the US thought he was

"too much the terrorist" and his superior feared "the Americans will cut off financial aid to us."

Abu Amneh's obsession, apart from money, is that the INA was full of Iraqi government agents. His suspicions were soon to be born out. But in the early months of 1996, basking in the support of King Hussein and the CIA in his new headquarters in Amman, Mr Alawi, the INA leader, was confident of success. "We think that any uprising should have at its very centre the armed forces," he told the *Washington Post* in an interview published on 23 June last year. "We don't preach civil war. On the contrary, we preach controlled, co-ordinated military uprising, supported by the people, that

would not allow itself to go to acts of revenge and chaos."

The exact date of the article is important, because the INA later claimed the article's revelations about its CIA support led to a pre-emptive strike by President Saddam before they could launch their coup.

In fact, the Iraqi leader appears to have known their every move. In one statement the INA later admitted he had started to arrest suspected officers on 20 June, even before Dr Alawi boasted of his planned coup. As the purge in Baghdad gathered pace INA communiques acquired a panicky note. They report that Qusai, Saddam Hussein's second son, was heading a special committee in charge of interrogations

and that two officers have already died under torture. Another 100 army officers were under arrest, facing death or imprisonment.

There was worse to come. One Iraqi commentator believes that the ease with which Saddam Hussein crushed the impending coup in June gave him the confidence to send his tanks into Iraqi Kurdistan in September for the first time since 1991. He captured the Kurdish capital, Arbil. The CIA was caught by surprise. It failed to warn the Iraqi National Congress (INC), another opposition group backed by the CIA, of the Iraqi advance. "We believe we lost 100 people killed at Qusitepe [in the front line]," says Ghanim Jawad, a veteran of the INC. "Another 19 people were executed in one of our offices in Arbil."

For the militants of the INA and the INC there was no alternative but flight from Kurdistan. Almost hysterical with fear and clutching their sub-machine guns they waited in Sulaymaniyah for their evacuation. CIA officers who had helped organise them were said to have already fled. In Jordan King Hussein has today returned to more friendly relations with Iraq.

A total of 300 Iraqis may have died in the CIA-backed bomb attacks on Baghdad, the failed coup and the massacres in Kurdistan. John Deutch is said to feel that the strength of the INA was misrepresented to him. He resigned as CIA Director after Mr Clinton refused to make him Defense Secretary. As he stepped down, Mr Deutch gave a ringing endorsement to George Tenet, who, with him, shares the responsibility for last year's debacle.

6 Officers were found ready and willing to carry out the task of overthrowing President Hussein. Their champion, on the seventh floor of the CIA headquarters at Langley, was George Tenet

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Operation overthrow: The countdown to a calamitous coup attempt

1990 Saddam Hussein invades Kuwait. CIA starts to give support to Iraqi opposition groups.

1991 After Gulf war and Kurdish uprising Saddam Hussein loses control of his three northern provinces, forming Iraqi Kurdistan. They become haven for CIA-backed dissidents.

1994-96 The Iraqi National Accord (INA), composed of former Iraqi officials and soldiers and backed by CIA, engages in bombing campaign

against civilian targets in Baghdad and other Iraqi cities.

1995 John Deutch, former US Deputy Defense Secretary, confirmed as director of CIA. Committed to overthrow of Saddam Hussein. Brings with him George J Tenet as deputy director. In August Lt Gen Hussein Kamel, Saddam Hussein's son-in-law, flees to Jordan. CIA persuades King Hussein to allow INA to set up headquarters in Amman.

1996 In January President Clinton

gives \$6m in aid to INA. Aim is to foment military coup against Iraqi leader. In June Saddam Hussein strikes first. As many as 80 officers may have been executed or died under torture. In August Iraqi tanks intervene in Kurdish civil war, catching and killing 120 members of CIA-backed dissident group.

1997 John Deutch steps down from CIA where he is likely to be replaced by the director-designate, George Tenet, next week.

international

Berlin court exposes Tehran's terrorism



Anti-Tehran protesters in Berlin yesterday. Reuters

For the first time in a Western judicial system, Iran's leaders were held directly responsible for international terrorism yesterday when a German court ruled that they had ordered the murders of three Iranian Kurdish opposition activists in Berlin. The judgment immediately plunged German and European Union relations with Iran into crisis. German and Iranian ambassadors were recalled from each other's countries, then the EU issued a statement from The Hague inviting member states to withdraw their ambassadors from Tehran.

Chancellor Helmut Kohl's government also expelled four

Ambassadors recalled as Iranian hit squad found guilty, writes **Tony Barber**

unnamed Iranian diplomats from Germany. Officials said Germany was ending its "critical dialogue" with Iran - a policy that stressed cautious co-operation rather than confrontation - for the foreseeable future. Iran's foreign ministry rejected the Berlin court's ruling as inspired by "counter-revolutionary elements" and "hostile Zionist propaganda". However, Iranian opposition leaders in exile hailed the judgment as a devastating blow to the Iranian government's reputation.

The court said that a "Com-

mittee for Special Operations" in Tehran had approved the September 1992 killings at a Greek restaurant in Berlin. Crucially, it declared that the committee's members included Iran's president and paramount spiritual leader.

Although the court avoided naming names, it was unmistakably pointing an accusing finger at President Ali Akbar Hashemi Rafsanjani and Ayatollah Ali Khamenei. Iran's intelligence chief, Ali Fallahian, for whom German prosecutors have issued an arrest warrant,

was also implicated by the court in the murders. Judge Frithjof Kubsch imposed life sentences on Kazem Darabi, an Iranian living in Berlin, and Abbas Rhyael, a Lebanese, for what the prosecution argued were cold-blooded contract killings. Two other Lebanese men, Youssef Amin and Mohamed Atris, were jailed for 11 years, and five years and three months respectively. Sadegh Sharafkandi, the exiled leader of the Iranian Democratic Party of Kurdistan, two other party activists and a trans-

lator were shot dead when a masked hit squad opened fire with automatic weapons at the Mykonos restaurant in Berlin. "The Iranian political leadership ordered this crime," Judge Kubsch said.

His ruling lent weight to the view, passionately held by the United States, that Iran's Islamic leaders have long been sponsors of international terrorism. The US State Department was quick yesterday to praise the court's judgment as courageous and objectively fair. Germany and other Euro-

pean Union countries had defended their "critical dialogue" with Iran on the grounds that US allegations of Iranian state terrorism rested on uncertain evidence. Germany has an interest in not falling out completely with Iran because it is Iran's biggest Western trading partner. EU foreign ministers are to meet in Brussels on 29 April and could impose economic sanctions on Iran. However, the diplomatic expulsions suggest that Germany places a higher priority on evicting alleged undercover intelligence agents

from the Iranian embassy in Bonn, which is believed to serve as Tehran's European headquarters for espionage and operations against Iranian opposition movements. Despite the row, both the German government and the opposition Social Democrats want to avoid a full break in diplomatic relations with Iran. Likewise, Iran's leaders value their ties with Germany and may limit their protests at the court's judgment. The ayatollah indicated his desire to limit the damage late last year, when he told Iranians that the US and Israel, not Germany, were Iran's biggest enemies.

Navy hauls down White Ensign for the last time

香港 Hong Kong handover

Stephen Vines
Hong Kong

Britain's last remaining naval base east of Gibraltar will finally be de-commissioned today when the First Sea Lord Admiral Sir Jock Slater presides over the hauling down of the White Ensign for the last time in Hong Kong.

The confusingly named HMS Tamar base is now confined to part of Stonecutters Island, which has been transformed into a splendid new base for the incoming Chinese navy and, thanks to land reclamation, is no longer an island.

It was the Navy which seized Hong Kong for Britain and a naval captain, Sir Edward Belcher, who first raised the

Union flag on Hong Kong's soil on 24 January 1841. "Our naval forbears were quite clever," says Lieutenant Commander Cliff Squibb, HMS Tamar's last commander. Fighting off pressure from the colonial government and the Army, the Navy tenaciously clung on to its dock and headquarters site right in the heart of town, occupying what must be the world's most expensive piece of real estate to be used as a naval base. "The Navy has always been in Central [the name given to the financial district], we consider it our patch," says Commodore Peter Melson, whose book *White Ensign - Red Dragon*, a history of the Navy's presence in Hong Kong, was published yesterday.



The base started life as a dockyard, HMS Tamar, which gave the base its name, was built in 1863 and was tied up alongside the dockyard and deployed as the naval headquarters. Tamar was scuttled in 1941,

in order to prevent it from being of use to the Japanese occupation forces. By the time the Japanese invaded Britain had moved all but two of the Hong Kong-based naval vessels to theatres of war

which were considered to be more important.

As Britain steadily withdrew its forces from East of Suez, the garrison, which numbered some 30,000 troops in the 1960s, was reduced in size.

The dockyard was closed in 1959, after which the base ceased to perform a regional role and concentrated on the defence of Hong Kong.

The rise of piracy in the South China Sea (which had been a pestilence when the base was established) and growing problems with the smuggling of goods and the organised smuggling of illegal immigrants from China, have made the Navy's last years anything but quiet ones.

The naval presence is now reduced to three patrol vessels,

which will be sold to the Philippines, and, as from next week, only 85 naval personnel, which will be whittled down to 65 just before Hong Kong is handed back to China on 1 July.

It is a far cry from the days when Victoria Harbour bristled with British fighting ships, which virtually controlled China's southern coastline in the 19th century.

The final chapter: Former workers at the HMS Tamar naval base reading 'White Ensign - Red Dragon' a history of the Navy's presence in Hong Kong, on the day of publication. The base, dating back to Victorian times, will soon be used again by the Chinese. Photograph: Reuters

As well as British servicemen, the naval base gave rise to generations of Chinese staff being introduced to the mysteries of English naval cuisine and the unique culture of the British Navy, which is as far removed from everyday Chinese life as the planet Mars.

One of the oldest veterans of service to the Navy is 78-year-old Ng Muk-kam, known by the ratings as Side Party Jenny, because she and a redoubtable band of women colleagues were employed clambering around the sides of ships painting and polishing them.

Her succinct verdict on the state of the Navy is that the older ships were nicer but that the new ones are tidier and easier to clean.

"When I decommission Tamar", says Sir Jock, "in one sense it's very sad, but at the same time I regard it as the start of a new era". He points out that the modern Navy is far more self-sufficient, and no longer requires fixed land bases. He hopes China will allow Britain to make naval visits to its old home in Hong Kong, though it is hard to believe the outgoing colonial power will be top of the visitors' list.

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11 April 1997

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Missing Israeli soldier found dead

An Israeli soldier who disappeared last year was found dead yesterday in a Palestinian village in the West Bank, the Israeli army said, adding that a cell of the Islamic militant group Hamas was responsible for the soldier's death. Sharon Edri was last seen on 9 September at a hitchhiking post near his army base in central Israel. AP - Jerusalem

Albanian poll set for June

Sali Berisha, the Albanian President, was quoted as saying that parliamentary elections in the crisis-torn Balkan state would go ahead, as planned, in June. "But," he told the Austrian daily *Die Presse*, "... there is no real progress because the [rebel] committees are still functioning." A small advance unit of Italian troops will arrive in the port of Durres today to pave the way for the deployment of a multinational security force in Albania, the Italian news agency Ansa reported. Reuters - Vienna

Denmark criticises China

Denmark formally presented the United Nations Human Rights Commission with a Western-backed resolution criticising China's rights record. The Danish delegation head, Tyge Lehmann, submitted a draft text co-sponsored by the United States and by 13 other countries, including 10 European Union member states. Reuters - Geneva

Banana faces gay lawsuit

The former Zimbabwean president, Robert Mugabe, has been sued for £21.3 million (£7,000) in damages by an ex-police aide who accuses him of raping and forcing him into a homosexual relationship. Byron Howe, the lawyer acting for former police inspector Jeffa Dube, confirmed he had filed a civil lawsuit on 25 March. Reuters - Harare

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تحتفظ من الأصل

Talks boost US hopes for Korean reunification

Richard Lloyd Parry
Seoul

The United States Defence Secretary, William Cohen, predicted the imminent reunification of the Korean peninsula yesterday morning, minutes after South Korean soldiers exchanged warning shots with a North Korean patrol in the demilitarised zone (DMZ).

between the two countries. "We're very close to the finishing line, seeing a united and free Korea," Mr Cohen told American soldiers of the United Nations Command at the truce village of Panmunjom, the only crossing-point along the DMZ, where troops of both sides openly face one another across a complex of meeting rooms, observatories and pro-

paganda boards. "If they can read my lips I would hope they would see the futility of putting up signs that try to promote propaganda of a failed and failing system," he said. Less than an hour earlier, 65 miles to the east, South Korean soldiers fired over the heads of soldiers of the Korean People's Army which had crossed into the southern sector of the

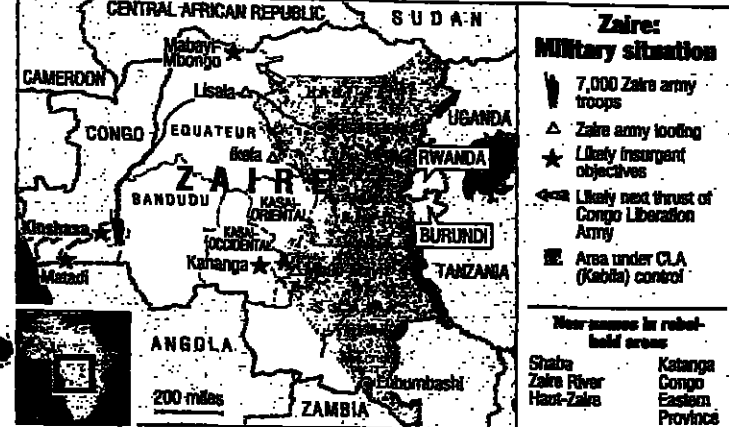
DMZ. The half dozen North Korean troops returned warning shots, before retreating. Minor violations of the DMZ are not uncommon, and the North provoked fury in Seoul last year when one of its submarines landed commandos in the South, but it was the first time this year that live rounds had been exchanged. The incident comes amid

growing optimism that, 44 years after the truce which brought an end to the Korean War, the two sides may soon begin talks aimed at forging a permanent peace treaty for the peninsula. Next Wednesday, at a meeting in New York, North Korean diplomats have promised to present their reply to a proposal for four-way talks involving the two Koreas, the US and China.

For the last two years, the North has been suffering from severe food shortages which are said by international relief agencies to be on the verge of turning into a full-scale famine. On Monday the UN launched an appeal for \$126m (£77m) of food, agricultural supplies and medicine. South Korea delivered \$6m yesterday, as the country's President, Kim

Young Sam, hinted that more would be forthcoming if Pyongyang agreed to talks. "Through the proposed meeting, North Korea will be able to gain political stability and promote its economic interests," he told a meeting of the Inter-Parliamentary Union in Seoul. "I urge North Korea to respond in a sincere manner as soon as possible."

Zairean rebellion: Belgium joins US in condemning crumbling regime clinging to power through military rule



It's time to go, Western allies tell Mobutu

Ed O'Loughlin
Kinshasa

With Zaire's President Mobutu Sese Seko attempting to shore up his crumbling regime by introducing a military government, his one-time allies in Belgium and the United States are making it clear that they now think it is time for him to go. Yesterday it was the turn of Belgium's Foreign Minister, Erik Derycke, to renounce publicly an old ally. Speaking in Brussels he said that Belgium—the colonial power in the former Congo—believed that Mr Mobutu had no future as leader of Zaire. "It is military dictatorship revisited, with a military man as prime minister and the parliament thrown aside," he said.

Belgium's announcement echoed statements on Wednesday by the White House spokesman, Mike McCurry, and US State Department official Nicholas Burns. "We have suggested that the era of Mobutism in Zaire is over because the status quo is no longer tenable, given the dire conditions that exist for the people of Zaire," Mr McCurry said in Washington. "It's clear we have to move beyond Mr Mobutu." France, the other member of the troika of Western powers most involved with Zaire, has yet to respond to the US and Belgium statements. Historically the most closely involved with Mobutu, France has offered Mr Mobutu diplomatic support against Laurent Kabila's six-month-old rebellion but has failed to inter-

vene directly to save him, as it did on several occasions in the past. Mr Mobutu seems to be backing himself into a military cul de sac. On Wednesday Mr Kabila's rebels over-ran Lubumbashi, Zaire's second city. The same day in the capital, Kinshasa, government troops used tear gas to disperse opposition students demonstrating in defiance of the state of emergency declared by Mr Mobutu on Tuesday night. The veteran opposition leader and prime minister-designate, Etienne Tshisekedi, was arrested and later released, but only after Mr Mobutu announced that he was using emergency powers to sack him and appoint a former defence minister, General Likumba Bolongo, as his new premier. US diplomats have long privately

acknowledged that, with the Cold War over, America no longer has any need to shore up Mr Mobutu's brutal and staggeringly corrupt regime. But with Mr Mobutu now abandoning even the pretence of civilian government, the US has felt it necessary to drive this point publicly home. During the Cold War years Mr Mobutu became the West's principle ally in Africa. US financial and diplomatic support, together with military intervention from France and Belgium, rescued Mr Mobutu from several uprisings. In return, Mr Mobutu provided supply bases for the US and South Africa-backed Unita rebel movement in Angola. For nearly three decades Mr Mobutu's Western allies were content to ignore his numerous faults.

In what came to be known as a system of kleptocracy—"rule by thieves"—Mr Mobutu and his cronies plundered Zaire's huge mineral wealth, squirrelling billions of dollars away in Swiss bank accounts. Meanwhile the colonial infrastructure collapsed. Another reason for the US change of heart on Mr Mobutu is the growing alliance between Washington and the central African states of Rwanda and Uganda, which are closely linked to Mr Kabila's Alliance of Democratic Forces for the Liberation of Congo-Zaire. It is understood that the US has been using intermediaries such as Morocco to try and persuade the ailing Mr Mobutu that, after 32 years in power, it is time to give up. The capture of copper and cobalt

rich Lubumbashi comes less than a week after rebels took the diamond capital of Mbuji-Mayi and gives Laurent Kabila effective control over Zaire's mineral wealth. Diplomats say that, having cut off Mr Mobutu's funds, Mr Kabila can now sit back and wait for the regime to fall apart. Yesterday, however, Mr Kabila vowed to continue the military advance until Mr Mobutu was deposed. Speaking in Goma on Wednesday, Mr Kabila said his forces would give the President three days to begin negotiating a handover of power, following which military action would be taken. "He can do it," Mr Kabila said. "He is tired and worn out, but he is also scared. He has to be helped to overcome this fear."

Crucial vote for Indian coalition

Jan McGirk
New Delhi

A confidence vote in the Indian parliament today will determine whether the 13-party coalition can remain in power. Prime Minister HD Deve Gowda refused all week to buckle under pressure to step aside after a key ally, the Congress party, withdrew support on Easter Sunday. Many doubt that Mr Gowda can shore up enough support for his left-leaning United Front to rule, now Saram Kesri, president of the Congress party, has turned on him. But the United Front has no intention of complying with Mr Kesri's demands that Congress form the next government. "No serious political party would change its leader under pressure from the outside," a United Front leader, Surjeet Singh, said last night. "It's final. We will go to the people."

For Mr Gowda to retain leadership today, either the right-wing Hindu Bharatiya Janata Party (BJP) must abstain from voting, which is unlikely, as they stand to gain most from the fall of the government, or renegade Congress party members must break ranks and side with him. Congress, which backed the United Front coalition from the outside, was humiliated in elections last spring after corruption charges were filed against party leaders. Mr Kesri objects to the United Front's pursuit of allegedly corrupt officials within Congress. The former farmer from Karnataka is raking up dirt on the former Congress prime minister, Narasimha Rao, and Mr Kesri himself.

Mr Kesri blamed Mr Gowda's government for failing to stem the rise of the BJP, which now controls the Punjab and will take turns heading the state government of Uttar Pradesh, India's most populous state. He also protested against the Prime Minister's recent meeting with Bal Thackeray, head of the fundamentalist Shiv Sena (Shiva's Army) in Bombay. Critics accuse Mr Kesri, 82, of putting his own survival ahead of his party, and there are fears that Congress may split over his brash gamble to unseat Mr Gowda. Questions about sleaze are still unanswered. Mr Kesri may have timed his move to ward off investigations into his own finances; he had long been the Congress party treasurer and was thought to be above lining his own pockets when he was cited for "accumulating disproportionate assets" and then fined for income tax evasion. Mr Kesri apparently fears the Prime Minister was plotting to frame him in a lurid murder trial, and reportedly confided this to Jyoti Basu, a communist leader from Calcutta, and two other statesmen who attempted to broker a deal between the former allies. After police questioned Mr Kesri about the kidnapping and brutal killing of his personal physician, Dr Surendra Jaiswar, he was livid with Mr Gowda for allowing the investigation to be reopened. The doctor's body was found in a Delhi suburb in October 1993. According to Vinod Mehta, the editor of a newsweekly in the Indian capital, Congress "has jeopardised a widely popular budget, derailed a historic opportunity to mend relations with Pakistan and undermined investor confidence ... to satisfy the irrational whims of a reckless geriatric."

Prodi staggers from the labyrinth to rescue Albania

First the good news. Italy will, as planned, lead the multinational peace-keeping force going into Albania next week. What's more, the Italian government looks like it might actually win today's confidence vote in the Chamber of Deputies and live to fight another day. Or another week. Long enough, anyway, to see the soldiers off and recover a portion of its wounded pride. The bad news is that a major international foreign policy initiative almost came to grief because of the chronic political instability of its most active advocate. As a result, Italy has abjectly failed in its attempt to be taken seriously by the rest of the international community

and finds itself backsliding dangerously towards the bad political habits of its past. For a while, with Albania tumbling ever further into anarchy and no other Western power daring to stick its neck out, Italy looked like the right country in the right place at the right time to clear up the latest mess in the Balkans. The world forgot, however, that when it comes to anarchy—at least of the political variety—then Italy takes some beating, what with 55 post-war governments to its name and no clear sign that the Byzantine coalition-broking and endless power

games of the past are even close to being eliminated. It's worth examining the hoops that the Prime Minister, Romano Prodi, had to jump through on Albania to understand just how appalling Italian political life still is. Although the intervention force enjoyed the support of the overwhelming majority of political parties, it was opposed by the key Rifondazione Comunista, which holds the balance of power in the Chamber of Deputies. As it emerged that Rifondazione's "no" on Albania was definitive, the opposition started

making waves of their own by introducing a rival motion on the intervention force. If you want the force to be approved, they told Mr Prodi, you'll have to vote for our motion, not your own. And by the way, once you've done that, we think you ought to resign. By Tuesday evening it looked as though both Mr Prodi and the Albanian enterprise were sunk. What saved them was a complex piece of "variable geometry," as the Eurocrats would call it. Thanks to a last-minute deal with the opposition, Mr Prodi managed to push a joint motion on the in-

tervention force through parliament on Wednesday night with only Rifondazione and a couple of other parties voting against. Then, acknowledging the loss of his government majority, he went to the President, Oscar Luigi Scalfaro, to tender his resignation. President Scalfaro promptly sent him back to parliament for a confidence vote—one that Rifondazione had indicated it would support, thus saving Mr Prodi's bacon. The frustrating thing about the whole rotten spectacle is that issues of substance, such as Albania's future, have been

completely submerged by the petty dictates of power politics. Rifondazione Comunista issued long lists of reasons why they opposed the intervention force, but the deeper truth is they saw an opportunity to hold the government to ransom—not for the first time—and remind everyone just how indispensable they are. While everyone else was staggering around parliament looking shell-shocked on Wednesday night, Rifondazione's irrepressible leader, Fausto Bertinotti, was having the time of his life discussing the finer points of his choice of suit and tie. He is a man with a reputation for saying "no" to just



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Oh ungrateful voter, to demand straight answers

It is beginning to look as though Labour might win the election, but lose the campaign. Tony Blair's determination to repeat the mistake Neil Kinnock made last time, of allowing himself to be portrayed as the incumbent and John Major as the challenger, may not prove fatal to Labour's hopes, but it is a poor way to set about winning. Something is fundamentally wrong with a Labour campaign that responds so defensively to the charge that the party has changed. That, it was thought, was the whole point of Mr Blair. It was his proud boast. And so it should be still.

This election is about trust. They usually are. But this time, it is apparent that neither main party is trusted by the electorate. Opinion polls will not tell you that, because trust is not a directly measurable commodity. It is, though, an observable fact.

The reasons why people do not trust the Tories are almost too obvious to need repeating: they betrayed their promise on taxes, and they are deeply divided over Europe. Labour is not trusted, either – but for different reasons, which have in many ways only now been brought into focus by the election campaign. The campaign has concentrated voters' minds on the fact that, contrary to their expectations, they are not at all sure what kind of a creature the Labour Party now. And that, sure enough, makes them uneasy.

As so often in politics, it took something relatively minor to trigger this change in mood. The privatisation of air traffic control is not a big issue for anyone other than air traffic controllers. It is an issue of substance, but not one of the front rank. Yet this relatively minor question has cracked Mr Blair's façade of certainty. For some time the Labour leader has been impressively determined, clear and leaderly. Suddenly the little boy (a role played in this pantomime by the electorate) has pointed out that he has no clothes, by asking in a loud voice: "But what is he determined, clear and leaderly about?"

The U-turn on privatisation does not look like a considered move in Labour's modernisation, it looks like a panic reaction to the belated discovery that Labour would not have privatisation receipts to make the numbers add up in government.

One still, small voice from many months ago can now be heard clearly, echoing through the silences of Labour's campaign. Charles Clarke, who was Mr Kinnock's minder and so knows how an election campaign can go pear-shaped, warned that the details of Labour policies were insufficiently worked out. This mattered, he said, for two reasons. The first is that a bit of detail helps candidates and spokespeople who otherwise have to waffle and evade. The second is that it ensures

that Labour ministers would have something for civil servants to do, rather than the other way around.

But Mr Clarke is now only the candidate in Norwich South, and other counsels have prevailed. If he were still a free man, rather than a bonded New Labourer, he might now be making other observations. For example, he might point out that one of Mr Kinnock's big mistakes last time was to announce a policy change in the middle of the election campaign – in his case on changing the voting system, an issue that rolled out of control in the last week.



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ungrateful voters have turned round and said: "You've changed. Why should we trust you?" It may not be fair, but it is what voters feel, and therefore it needs a straight and serious answer, not a lot of indignant waffle.

This is an important moment, because Mr Blair is being put to the test. In a way, what the electorate wants is for him to show some conviction – almost any conviction will do, just something to indicate that he is not merely a bend-with-the-wind careerist politician.

The comparison to be made here is with John Smith, a leader who built a bond of trust with much of the British electorate because of his very constancy. In the end, it must be doubted that Mr Smith could have led Labour to as strong a lead as Mr Blair, because he could not have made big enough changes. Under Mr Smith, suspicion of old Labour would have outweighed the benefits of people knowing and even liking much of what it stood for.

Change was Mr Blair's strongest suit. He has been so emphatic about the need for Labour to change to meet the aspirations of the people that it is surprising that he should stumble now that the question is being asked in earnest. It is the one subject on which he is capable of showing real political aggression, and he needs to start doing so again.

The reason the voters should trust him, he should say, is that he has put

all his energies into changing his party and rethinking what it believes. That includes a direct acceptance that he has changed his own views about some things, because people grow up and the world changes. There is no way he can slide back from what he has achieved, and the U-turn on privatisation should be used as evidence that he will not only fight the election as New Labour, but govern as New Labour.

If he fails to fight back with a positive message, then we will be left doubting whether he enters Downing Street with sufficient fire in his belly.

Say a prayer for the scientists

Religion and science, we are often told, are not incompatible, they are just different answers to different questions. Not for Professor Russell Stannard at the Open University, they're not. Conducting a supposedly controlled "scientific" experiment to test the efficacy of prayer on ill people (only in the US of A) is going to tell us about as much about religious truth as carbon-dating the Turin shroud tells us about whether Christ really ascended to heaven. For heaven's sake (apt words, for once), can't believers take their faith a little more seriously?

LETTERS TO THE EDITOR

Sleaze: Tories finally act after 18 years

Sir: Yet again the Tories are following in Labour's footsteps. Your report "Tories would make MPs a crime" (10 April) comes from the heels of our Sunday announcement that Labour will make bribery involving Members of Parliament a criminal offence.

The Tories have had 18 years to deal with this and done nothing. Even now the Prime Minister only offers to "examine the question". MPs should not have special immunity from the criminal law. Any MP who, for example, is found to have taken large sums of cash in brown paper envelopes in exchange for misusing his or her position ought to face court proceedings in the same way as anyone else. Labour will amend the Prevention of Corruption Act to make sure corrupt MPs face jail, not just parliamentary inquiries.

JACK STRAW
Shadow Home Secretary
The Labour Party
London SE17

Sir: Your leading article (8 April) on Martin Bell's candidacy did not address an important democratic issue. Getting rid of one sleazy backbencher was not a good enough reason for Labour and the Liberal Democrats to deny the voters of Tatten their right to vote for the parties and manifestos of their choice. That is why I offered through your columns last week to stand as an independent pro-Labour candidate.

If Mr Bell remains as a candidate he should, at the very least, indicate which party he would normally support during the lifetime of the next parliament; which policy pledges from the party manifestos he would support or oppose; whether he will take up each and every allegation of political sleaze, during the election and during the next parliament, whichever party is involved; and how he intends to finance his campaign and keep it fully independent of the Labour and Liberal Democrat machines.

RICHARD HELLER
London SW4

Sir: It seems to be taken for granted that Neil Hamilton should be presumed innocent until proved guilty. This would obviously be appropriate if the issue here were one of punishment. It is not.

The issue is whether he should have the privilege of representing his constituents. Where there is no privilege to be allocated, I see no injustice in presuming candidates unworthy until shown to be worthy.

CHRISTOPHER WALLIS
Winchester

Sir: Perhaps the Tory candidate for Tatten, Neil Hamilton, might help his case a little by telling his formidable-looking him by the hand in full view of the TV cameras.

SCOTT ANDERSON
Dundee

Junk suspicion

Sir: I feel I am justified in feeling a certain paranoia.

About a month ago, I closed my current account at Midland Bank. That account was my only contact with any financial institution. I have my credit card, insurance scheme or pension. Within two or three days my junk mail completely ceased, even the mail from charities.

ROBERT THORBURN
Farnham, Surrey



Harder-headed social work

Sir: I, for one, will not be shedding any tears at the departure of Joyce Brand from her career as a social worker ("The men who took the heart out of social work", 9 April). Many in the profession like her joined for worthy reasons, as she puts it "wanting to relieve and prevent hardship and suffering".

Thankfully a harder-headed approach to providing for those with a range of complex needs is being developed with the advent of community care. The requirement for social services managers to allocate resources to client care managed by both private and voluntary organisations has concentrated minds on the quality of existing local authority provision. Often, genuine client-informed services can be found in the voluntary and private sectors. It is this competition that challenges the "tea and sympathy" values of Joyce Brand.

Creating specialised divisions within social services departments – children and families, elderly services and special needs – has enabled social workers to become more focused and knowledgeable concerning services for specific groups. The move to a more demarcated care market-place has enhanced social workers' professional integrity and has inspired public confidence in the service.

Finally, the promotion of "human well-being" far from being the sole preserve of saintly social workers is in fact the responsibility of us all.

JEREMY KILLINGRAY
Labour Councillor
London Borough of Hackney
London E8

Sir: Many public servants, not all of them women or social workers, will recognise the situation Joyce Brand describes. But they may see it as a result not so much of a male-dominated local management as of the pervasive influence of a "New Public Management" based on markets and contracts.

The disciplines of New Public Management are founded on the need to control public expenditure so that the country can be competitive in global markets. They have brought important benefits in terms of efficiency and effectiveness. But because the aims are so universally accepted, it has become almost impossible to question the management processes by which it is claimed that they can be achieved. They can become dangerous, and ultimately corrupting, if they are applied for their own sake, and for the resulting scores in performance indicators and league tables, without regard for their social outcomes or a wider sense of public purpose. They can in the long run have a profound effect not just on the management of our public services but also on our civic values and the nature of the society in which we live.

How to reconcile economic progress with liberal values of public service and citizenship is perhaps the most important domestic challenge which the next government will have to face.

DAVID FAULKNER
St John's College,
Oxford

Labour breaks the Golden Rule

Sir: It is difficult to reconcile what Labour is now saying about using asset sales and privatisation receipts to fill the alleged £1.2 bn "black hole" in its budgetary pangs and what Labour said only last week in its manifesto about the rule it will follow in making budgetary judgements.

Labour, like the Liberal Democrats, says it will follow the "Golden Rule" of public finance, that over the economic cycle the government should not borrow for current expenditure but should limit borrowing to investment purposes.

That should mean the end of the practice of counting privatisation receipts as free money to spend on current projects. Only the difference between the return of assets before privatisation and the return on the proceeds of privatisation should count as available for current spending.

But Labour seems to be saying that it will count all the proceeds of its asset sales and privatisations against a shortfall in current income.

Labour's commitment to financial rectitude seems to have lasted about as long as its policies on devolution and the single currency.

DAVID HOWARTH
Liberal Democrat Candidate
for Peterborough
Clare College,
Cambridge

Sir: I read your leading article (7 April), "Labour starts off with slippery leadership", with interest. Those of us who can remember life before the Tories may recall that it was the Labour Party who started the campaign of privatisation we have seen over the last two decades.

It may have been left to Mrs Thatcher's administration to make a virtue of a necessity, but it was Dennis Healey who floated at least one tranche of BP shares in the late Seventies.

JOHN DRAKE
Edinburgh

Curb fat cats

Sir: In the 1980s governments sought to modify the law regulating trade unions – an area which practically all could see needed attention.

In the 1990s it has become more and more evident that the law relating to commercial companies needs attention. Directors – with the aid of a few "outsiders" on the remuneration committee – seem to have the power to sit round the boardroom table and vote for one another to "steal" the shareholders' money. "Block votes" exercised (in many instances by proxy) at AGMs enable a few to overpower any kind of democratic control.

Are any of the parties contending the current election proposing to tackle this problem?

F W DAWBER
Macclesfield, Cheshire

A voter lost in cyberspace

Sir: The other night I thought I'd take a look at what the major political parties had to say for themselves on the World Wide Web. I have, I admit, what might be described as a semi-powered computer but it fulfils my usual personal and business Internet requirements. Here for the benefit of non-wired readers is what I found.

The Conservatives were apparently oblivious that anyone might still be using old technology. (My software is about 18 months old). I couldn't get past the first page which had little pictures showing the Houses of Parliament etc.

New Labour were better. After a glaring message about tax promises, they noticed I wasn't using the latest bells and whistles software and offered me a less flashy alternative. Sadly it didn't work.

The Lib Dem site was a refreshing change. A competent design allowed for the technical limitations of my setup. They told me what I wanted to know – and gave me the chance to give them some feedback.

Lastly I dropped in on the Monster Raving Loonies. Again I fared better than with the Tories or New Labour (ie no error messages), an explanation that their site is still under construction, contact details for the meantime and a kind invitation to come back later.

How should I vote, I wonder?
MARION MALCHER
Woking,
Surrey

Rational faith needs no ark

Sir: The letters by Mark Smith, Deborah Woolhouse and Dr A. Majid Katme (10 April) were all so preposterous that I had to check my diary to make sure it wasn't the first of April. It really is a pity that apparently intelligent people can make a literal interpretation of the Bible, the Koran, or any other ancient religious document to explain the origins of life.

The implication in all critiques of evolution by religious fundamentalists is that, in some way or another, there is a conspiracy by scientists either to cover up the truth or a refusal to investigate the Creationist viewpoint because of prejudice. This is complete nonsense.

Science is a dynamic discipline in which theories are constantly challenged and refined. The evolution of life over hundreds of millions of years is not just a theory that popped into someone's head and then all scientists adopted it. It has evolved and been tested from every possible direction and withstood all of the tests.

Religious fundamentalists will never be persuaded to change their views by any arguments, for to do so would destroy their faith. For those who are truly open-minded, however, you can still believe in a god and recognise that the ancient religious texts were written in times when people did not know that the Earth moves around the Sun, that the Sun and all other stars were products of sustained thermonuclear reactions, that lightning is produced by a high voltage discharge across the insulating medium.

If you were asked to explain the origins of life back in those times, what implausible stories would you have written?

DR ANDREW ELLIS
Leicester

Sir: Mark Smith ends his letter in defence of Creationism with "This is not fundamentalism. It's common sense."

Quite so. As Bertie Russell remarked: "Common sense is the metaphysics of savages."

DR WILLIAM DORRELL
London SW5

Plagued by 'charity' calls

Sir: Further to David Robinson's letter (9 April), as assistant company secretary of another London-based company I confirm that we also receive many calls such as he describes. We find that typically those using this pattern of address are in fact publishing houses, some of whom retain a high percentage of the funds donated and merely pass on the resultant brochure or booklet to the charity.

Therefore we interrupt all such greetings with an enquiry "Are you a publishing house?" and politely advise them that we only respond to requests received direct from charities; so attempting to ensure that donations reach the worthy cause for which they are intended.

SARAH GHINN
London SW16

Last word

Sir: Letterwise, P R Millett (Letters, 4 April) hits the post-modern zeitgeist squarely on the noggin.

JOHN MITCHELL
Hertford

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interview

New Labour, new Lord Chancellor

To start understanding Lord Irvine, it is worth considering his interest in art. This is not merely a way one of the most successful commercial QCs in London has chosen to spend his money. It is the absolute, ruling passion of his life outside family and work. His collection of British paintings, mainly from the first half of the century, at his West Hampstead house, is not the biggest or the most valuable private one of its kind in the country. But, all of it paid for, as he points out "from my taxed, earned income", it is certainly one of the best chosen: Sickert, Stanley Spencer, Sir Matthew Smith, Paul Nash. Many of them are Scottish: the colourists SJ Peipke, JD Fergusson and Leslie Hunter among them. He and his wife Alison—who, in a step both admired and envied by her husband, took a second degree in the history of art as a mature student at the Courtauld 10 years ago—fit their European holidays round the major art exhibitions. They go back again and again to the Uffizi in Florence. Without affectation, Irvine says "I envy the Medicis their taste and the sensible use of their great wealth in accumulating these treasures."

Lord Irvine, in other words, does nothing by halves. Everything about him is just a shade larger than life. He works ferociously hard. But he also loves good food, drink, conversation. He is a big man, in every sense. And if Labour wins on 1 May Alexander Irvine will be bigger still. For we have, as if we needed it, Cherie Blair's word for it that the barrister who brought her and Tony together, and who was pupilmaster to both of them, and who helped to launch the Labour leader on his political career, would be Blair's Lord Chancellor. But that doesn't quite do justice to the role that Irvine, the least well-known member but potentially one of the most influential of Blair's inner circle, will play in a Labour cabinet. It's a big job. Sitting on the Woolpack and presiding over the Lords is the least of it. The Lord Chancellor runs the sixth largest government department. He presides over the highest court in the land whenever he chooses to. And he appoints every judge below the level of the Court of Appeal; his advice is almost invariably taken by the Prime Minister on the appointment of the top judges as well.

But in Lord Irvine's case, this isn't all. He will have political clout way beyond his own remit. As friend and mentor to Blair he speaks daily to the leader on the phone—often at around 7am. He is part of the inner election team at Millbank, arbitrating, counselling, problem solving—an especially valuable role in this rather wobbly stage of the campaign. Though he won't discuss his role on policy, he chaired the small committee which turned over all the options on devolution before Blair announced there would be a referendum. He won't talk about the inter-

Lord Irvine, larger than life barrister and mentor to Tony and Cherie Blair, could play a big part in the next government. He talks to Donald Macintyre about art, politics and the future of the judiciary

nal Labour tensions on law and order either, but he is known to have persuaded Jack Straw to abandon his support for the "bugging and bugging" measures in Michael Howard's Police Bill. Irvine is more of a libertarian than Straw, more perhaps than Blair. He influenced the Labour shift, under John Smith, to incorporating into British law the European Convention on Human Rights. He could even, at 56, become the liberal conscience of a Blair government.

His father, a roof slater, was at war for the first five years of Irvine's life, in No 2 Commando fighting with the partisans in Yugoslavia, and in Italy. Both his parents were Labour but the dominant influence on him was his mother, the fiercely intelligent daughter of Alexander Macmillan, a Laird socialist and building contractor who moved to Inverness as a clerk of works when his business fell on hard times. His Auntie Emma, another formidable woman who lived to be 102, remained in Sutherland, in a little croft at Gruids where Irvine spent the first 14 summers of his life. In short, Irvine, a war baby and an only child, was brought up by women.

His schooling was a classic of the state Scottish system at its best: Inverness Academy, and then, when the family moved to Glasgow, "Hutchie"—Hutcheson's Boys' Grammar School, where he was taught by some of the best teachers in Scotland, including the rigorous classicist Ninian A. Jameson. "I have," he says, "a really passionate belief in public education as a democratic route to self-improvement." At Glasgow University, where he joined the Labour Party in 1958, and where John Smith and Donald Dewar were also students, he read philosophy, economics and law. Moving to Cambridge, he came top, out of 220 students, in the law tripos. He had always planned to enter the Scots Bar, but he was

attracted by Sixties London. He needed a job until he had enough money to launch out in practice. Refusing a fellowship at Jesus, Cambridge, he took a job at the LSE. As a radical young law don, he was caught up in the 1968 student unrest: his first act of advocacy was to represent the NUS president David Adelman against disciplinary charges over a letter he had written to *The Times* protesting against the controversial appointment of Walter Adams as principal. In recognition of this blow for freedom he was made one of two new honorary life presidents of the LSE students' union. The other was Mao Tse Tung.

Irvine became a QC at 37. For a year he was the youngest Silk in the country. Four years earlier he had married Alison McNair, another Glasgow graduate. His family life—they have two sons—has been steadfastly happy. But there had been a painful aspect to the union. She left her first husband, Donald Dewar, now Labour's Chief Whip, and another pivotal member of Blair's team, for Irvine. This wouldn't be anyone else's business if it wasn't for speculation that it will be difficult for Dewar and Irvine to work closely in government, particularly as they may find themselves jointly responsible for Labour's huge programme of constitutional change. Irvine dismisses this speculation. "We get on extremely well and we have sat together on committees," he says. "Donald has visited our house and we have a good and effective working relationship." Irvine adds that he had care of Dewar's children and that "Donald and I have met over the years on many occasions and had conversations perfectly harmoniously in the interests of the children."

In 1981 Irvine took a dramatic step: he led a breakaway to form new chambers of his own, at 11 King's Bench Walk. Or rather, he was persuaded to do so by nine ambitious young barristers, including Tony Blair. Irvine ran the new chambers, by all accounts, as a benevolent despot. Blair expressed at the time, with mock portentousness: "And you ask me, does the principle of one person one vote apply in these chambers—Yes, I say. And Derry has the vote." Blair has subsequently said that Irvine taught him "how to think". The success of the new chambers is probably Irvine's proudest professional achievement. Every one of his own pupils has become a QC except one—and he may be Prime Minister within the month.

Irvine introduced Blair to John Smith in the very early Eighties. And when a slightly embarrassed Blair told Irvine that he wanted to stand for Parliament, Irvine was startled but sympathetic. He himself had stood for marginal Hendon in the 1970 election, when he was in Sir Morris Finer's chambers. He recalled how when his clerk was "unbelievably hostile" to Irvine for doing so, Sir Morris rebuked the clerk, saying that Parliament was "not exactly an ignoble ambition".

What kind of Lord Chancellor would he be? Last year he was attacked by some liberals for firmly drawing a boundary beyond which judges should not step in checking the executive. He said a speech by Lord Woolf, suggesting that it might on occasion be right for judges to not enforce an Act of Parliament, smacked of "judicial supremacy". Irvine says that he is a "great upholder of judicial review and the independence of the judiciary," but he adds, "what is critical here is to know what is the correct province for judges and what is the correct province for Parliament." Take Howard's "profoundly misguided" and "ludicrous" attempt to impose



mandatory sentences. "There is all the difference in the world between someone who has been selling hard drugs to all-comers, and the common case of a pathetic individual who sells a bit on the side to fund his own addiction." But, "a hard distinction must be drawn between what is profoundly unwise and what is unconstitutional. Parliament is sovereign. If Parliament decides to impose a minimum sentence for classes of case, then Parliament is acting within its powers and the judge's duty is to apply the law." Equally, on both pragmatic and liberal grounds, he champions the incorporation of the ECHR, and the consequent new powers it would give British judges. "We have an appalling record in Strasbourg of having legislation condemned because it breaks a convention to which we are a party. Why trust foreign judges and not our own judges?"

Another fear among some radicals is that he will slow down the reforms of the present Lord Chancellor, Lord Mackay. Irvine is not planning to halt Mackay's opening up of advocacy to properly qualified solicitors, though he points out that the impact of the Mackay legislation has been very limited so far. "Solicitors who are properly qualified are well entitled to compete with the specialist Bar. My own prediction is that a separate independent Bar will continue because of

the high quality of the Bar and its full-time skills in advocacy."

But he is a stout defender of the cab rank rule, under which barristers take any case irrespective of their own views, provided they are being tried on points of law. And here he makes an interesting point about his old pupil Cherie Booth QC. No doubt, he says, from time to time "she will be instructed by Conservative local authorities or individuals who want to sue the government of which her husband is head. She will be criticised for doing so but the ethical rule is plain. What more graphic demonstration of the independence of the Bar could there be than that?"

A big difference from Lord Mackay is politics. Mackay is the least party political of Lord Chancellors. You wouldn't, for example, see the present Lord Chancellor in Central Office during the election, as you see Lord Irvine at Millbank. There is every likelihood that Irvine will be a big player across a broad front—for example chairing key cabinet committees, which Lord Mackay has never done.

Only Lord Dilhorne, Macmillan's last Lord Chancellor, has come remotely near wielding the influence Irvine is likely to have if Labour wins. He isn't a rival. It isn't too much to expect that, for many years to come, he will prove to be the one cabinet colleague Blair trusts unequivocally.

Looking to Rodin: Alexander 'Derry' Irvine is a man of great political power who envies the Medicis for their taste and their patronage

Photograph: Nicola Kurtz

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Enveloped between my respectable rivals

A part from a bout of graffiti-painting in the 1960s, I have never been actively involved in politics so I was quite surprised to get a call last week from activists in the Totton constituency asking me if I might think about standing for Parliament for them. "Not been your year, has it?" I said sympathetically.

"I beg your pardon?" they said. "You'll be lucky to stay in the Premier Division. And it doesn't help to see Arsenal doing so well..."

I thought they had said Tottenham. I said they said that they were from Totton. I told them I would look it up on the map and ring them back.

"Hello," I said, ringing them back. "Well, I've looked Totton up in my big road atlas, and I'm afraid there is no such place listed, so either this is a belated April Fool joke or you have given me the wrong name. I have found Totton in Nottinghamshire and Totton in Hampshire and Totton in Oxfordshire, which all sound nice, though I have to say I would prefer it to be Toston which is slightly nearer to where I live..."

The voice broke in, again somewhat coldly, to inform me that the constituency was actually named after Totton Dale, an area of Cheshire near Manchester.

"Got it," I said, turning the map. "Here we are. Knutsford... Wilmslow... Oh, no, how dreadful!"

"What's wrong?" they said quickly. "Being Knutsford and Wilmslow country, that's what's dreadful," I said. "I've been there. I've seen it. All those snazzy, pseudo-smart, funny money, wheeler-dealer, poodle parlour, nouveau riche, coach lamp, house-name-written-on-slice-of-log places..."

"You are talking about our constituents," the voice said tightly. "I thought they were Neil Hamilton's constituents."

"Not for long, we hope," I said. "It sounds to me as if Neil Hamilton is just the right man for such a place. Both dodgy smooth..."

"Before we ask you to run as our anti-sleaze candidate," said the voice, "can we ask you for a view of Mr Hamilton?"

"Mr Hamilton," I said, "is an obvious scumbag who no more deserves a seat on Westminster than a seat on



Miles Kingston

the lavatory. He is just the sort of spivvy, self-made twerp that Thatcherism brought into being, and he is precisely the sort of person who has given the Conservative Party such a bad name."

There was an awed silence for a moment.

"And that is your view?" "No," I said. "That is the view of Mr A N Wilson, writing in the *Evening Standard*."

"And do you agree with it?"

"Not entirely. I think there were spivvy self-made twerps like Neil Hamilton before Thatcher came along."

There was a whispered

conversation at the other end of the line. Then the voice spoke again.

"Mr Kingston, we would like to invite you to the final selection meeting for picking our anti-sleaze candidate. Would you care to be there?"

"Well, it's a long way..."

"We will pay your expenses."

"Used notes in a brown envelope? Overnight freebie? Wife included?"

"Of course."

Minutes later I was heading for the motorway.

The next day I was in the ante-room for the final interview. There were plenty of recognisable faces there of people who, for one reason or another, would like to be seen standing as anti-sleaze candidates. Bruce Grobbelaar I noticed, and Jeffrey Archer, and Ernest Saunders, and Norman Lamont...

I sat next to an unobtrusive man in the corner and introduced myself.

"Craig Brown," he said, shaking my hand.

"Would that be the manager of the Scottish football team or the humorist who writes countless columns a week, some under his own name?"

"You think they are two different people, do you?" he said.

While I was still puzzling over this, my name was called and I was led in to the anti-sleaze HQ.

"Tell us, Mr Kingston," said the committee chairman, "have you ever done anything remotely sleazy which the opposition might dig up?"

I was about to tell them about the time I had employed a cleaner and not paid her National Insurance in full, when my mobile phone rang. I answered it.

"I'm sorry, gents," I said, standing up. "I have just had a call from a tabloid newspaper who tell me that if I stand as an anti-sleaze candidate, they have a stock of highly salacious photographs of me which they would not be afraid to print. In this situation I have no decent course of action but to withdraw."

"They quite understood. In fact I was telling a lie. The phone call was from the BBC to ask me to be on the shortlist to take Martin Bell's job. But I thought that if I told them the truth, they would not think it an entirely honourable reason to withdraw."

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Who is responsible for producing this virtual election?

Last night a terrible thing happened. I went to bed with Charles Kennedy. He was there when I went to sleep and he was still there when I woke up. I drifted off while he was on a late-night television programme and woke up to his voice on the radio. As fragrant as Mr Kennedy doubtless is, I thought "This cannot be happening." Then I realised that this was how I felt about the election in general - this is not really happening. So far, this has been a virtual election, a meticulous simulation of what an election might be. Ken Barlow, the commander of the Starship Enterprise, the King of the Hill, Mrs Hamilton, are all significant players in this digital world. If you toy yourself up in the right gloves and goggles, if you plug yourself into the right equipment, you will be amazed at how lifelike it all feels - though you need to have the inclination to make the effort in the first place.

What has produced this disorientating scenario? Well, there are three main parties involved in this election. Contrary to popular belief they are not the Conservative, Labour or Liberal Democrat parties. No. They are the Media Party, the Politicians' Party and the Voters' Party. The Media Party is way ahead, its support wavering somewhat, but its victory assumed by most serious pollsters and commentators. The Politicians' Party is clinging on somewhat desperately to the wreckage of an anachronistic system, but it increasingly steals its policies, its presentation, even its ideals from the dominant Media Party. The Voters' Party, quite frankly, is not performing well at all. It is apathetic, dishevelled, uninterested. It shows up occasionally when ordinary people are required to opine for the benefit of one or other of the two main parties. It is widely considered to be the least well informed and well funded of all the parties. It has simply not got its act together, and is riven with splits based on race, class and gender that it cannot heal. Even more serious splits occur over which make of car its members drive, with the Mondeo and Sierra factions currently prominent. The party's only real strength is its ability to hold the balance of power between the other two parties. Yet one wonders whether it takes this challenge seriously, as it cannot even persuade its own members to participate.

Both the Media Party and the Politicians' Party patiently explain to the Voters' Party that voting is itself a privilege that has been graciously bestowed from on high. "Just think," they proclaim, "there are some places where no one is allowed to vote at all." This argument - like telling a child to eat food he or she doesn't like because somewhere in Africa another child is starving - cuts little ice, yet it is an argument that the Media Party and the Politicians' Party like to recite to each other. The Media Party has even found its own candidate in the shape of Reverend Bell, who,



Suzanne Moore

The Voters' Party is not performing well at all. It is dishevelled and it is apathetic

despite his whiter-than-white suit and angst-ridden body language, will soon find out the true meaning of being shot by both sides. The Politicians' Party is completely split on this one. Tatton is too terrifying for them. Blair and his boys could have marched down there and shouted at the Hamiltons themselves. "Yes, you are bloody guilty and you know it!" Instead, the Reverend Bell, flanked by hordes of rabid reporters, could only mumble "Absolutely, absolutely!" when asked whether he accepted Hamilton's innocence.

Then again, the Media Party has an enormous advantage over the other two parties because it controls all the coverage of the other contenders. It prides itself on performing a valuable service that everyone is grateful for. It also believes that it can increase its power over the course of this election. That's why it can indulge in its various "media watches", in a cynical deconstruction of its own *raison d'être*.

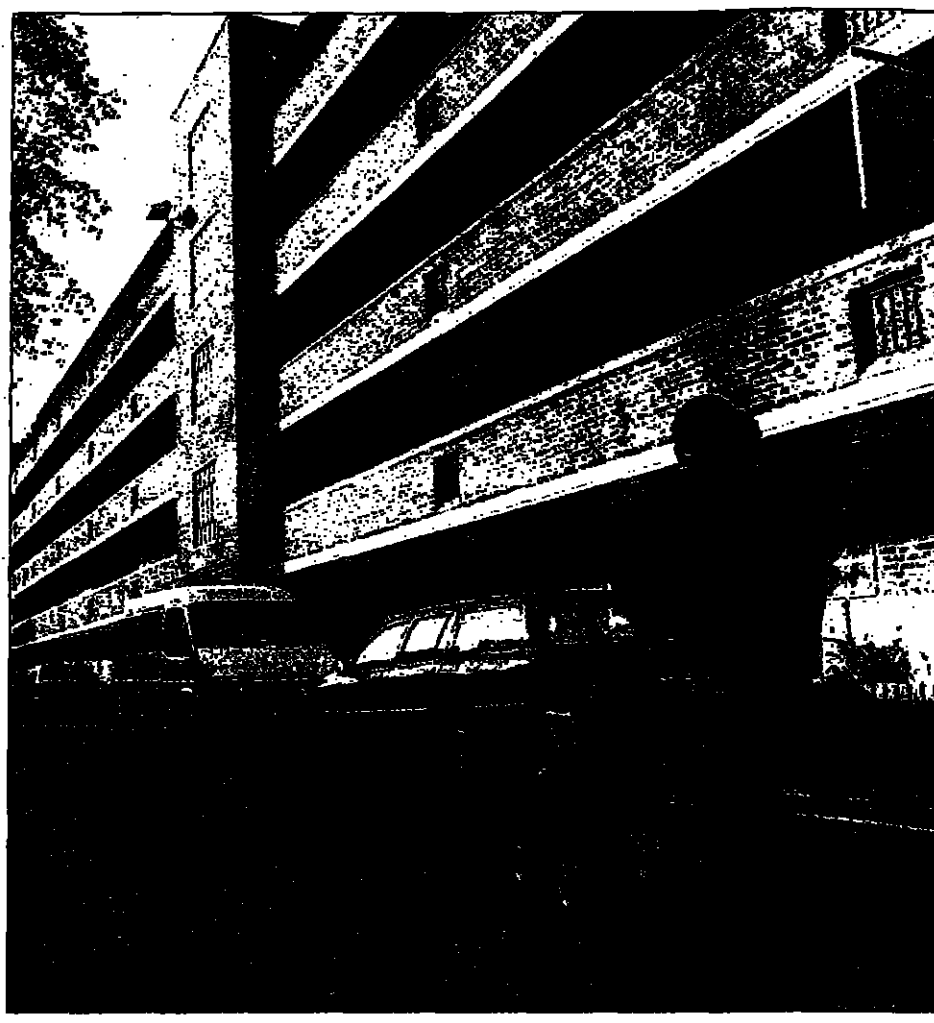
The 24-hour-a-day party-political broadcast for the Media Party may be on a permanent loop but the system is getting badly overloaded. The result is a massive desensitisation that finally gives the poor old Voters' Party a chance to breathe. Through fear of the Media Party, the Politicians' Party has been in closedown mode for some time. The Media Party insists that it wants to open up, debate the issues, but it did a deal so long ago with the Politicians' Party that only a narrow range of issues can be repetitively analysed over and over again. Occasionally tiny parties such as the Church get a look in by bleating on about inequality and everyone looks on in astonishment. Who on earth do they represent?

However, both the Politicians' Party and the Media Party know that some hint of spontaneity is required to make this virtual election seem real and so they like to engineer the odd encounter with representatives of the Voters' Party. Everyone is left second guessing the motives of this odd bunch of misfits. Are they not interested because they are stupid? Quite possibly. Or are they not interested because they are not quite clever enough to understand what goes on in Westminster and understanding that the role of the nation state is not what it once was?

For a virtual election dispenses with public meetings - too many yucky members of the public, too too-tech, too destabilising. The pact between the Media Party and the Politicians' Party is so ingrained that they have convinced each other that nothing else matters. Thus the election becomes merely a media construct. The election does not exist. The sooner we realise this, the sooner power will drain away from the Media Party and the Politicians' Party and there could even be a real election. Obviously, I could be making this all up, but then isn't that what my job is all about?

The run-down estate we're in

by Polly Toynbee



"They could put me in jail and I still wouldn't vote ... The day any politician comes down here and lives on benefits, then I'd vote for them"

"No, I don't vote. I won't vote." Lisa crosses her arms in defiance, enough to make anyone despair. Why not, for God's sake? Surely Labour can't be worse and who knows, they might even be better. Lisa is not stupid, she is angry. "They could bloody put me in jail and I still wouldn't vote!" Several others in this mother and toddler club on the Kingsmead estate in Hackney, east London, agree. They are militant non-voters. Why?

The day any politician comes down here and lives on benefits then I'd vote for them to go to Westminster. What do they know about us? The election is passing them by, for these are 1997's political unfortunates, the outcasts, the disappeared. Parties say nothing about the poor so the poor refuse to vote for them, fair's fair.

I try again. What on earth is the point of not voting? What good does it do? "It does good to me. Even if no one else knows, not voting makes me feel better," Carol says. They hear what the politicians say and it simply does not begin to connect with their lives.

Take Patsy, look at her life and observe the chasm between the way she lives and the way politicians of all parties talk about people like her.

She is 22, pregnant with her second child and survives by cheating on social security, like many others. She dropped out of a two-year nursery nursing course as she couldn't manage on a grant of only £173 every three months. "I really wanted to finish that course. I wanted to work in a crèche on a cruise ship and get away from here." Fantasy maybe, but at least it was a dream.

Instead she worked in a chemist's and took up with a boy who was also forced to drop out of the same course. Now she has a flat on the undesirable Thirties Kingsmead estate where 65 per cent of people are on benefits. She and her child draw £59 a week and she tells the social security she doesn't know where her child's father is. In fact, he lives down the road but only dares stay the night with her on Saturdays for fear of neighbours shopping them to the Benefit Cheatsline. He works in a shoe factory for very low pay, 50 hours a week for £145. "He works really hard, but we just couldn't survive on what he earns without cheating." Her friend Julie has

already been done for benefit fraud. Cheating is wrong but it is hardly surprising.

Why, I want to ask, have children? Why not work your way up for a few years first? But I know the sociologists' answer - for no-hope women, being a mother is the closest they will ever come to being important. It is a bad reason, feeble, a life stunted by too early motherhood leaving the rest of us to pick up the bill. But once you've roundly blamed them for the state they've got themselves into, what then? Politicians do not mention the poor because most voters don't think the poor

deserving. But how are voters to understand a little more about the cycles of psychological deprivation that overwhelm places like Kingsmead if no one ever talks about it except in the self-satisfied language of blame?

Julie sees that look in my eye. I suppose, for she leans forward, her two-year-old on her knee. "We know what they say about us. They say we shouldn't have children until we're financially secure. Well round here no one would ever bloody have children. Maybe they want us to just die out."

So what do the politicians say about people like them?

They talk of stamping out benefit fraud first - not exactly a vote-winner here. No party is offering these women crèches, though Labour promises after-school clubs for older children and a scheme to get single mothers back to work. Labour's welfare-to-work plans will help many, but the word "training" does not thrill them. "My husband's done a carpentry course," said Maggie. "Now he's been sent on a building course with Mowlem's for £10 extra a week. But he's 45 and of course he won't get a building job afterwards." It is hardly surprising that the poor vote least: they were born

with low expectations. They hear the language in which they are discussed and they know what Westminster thinks of them. Politicians' schemes often look more like threats than promises.

There is a clash of cultures here. Politicians promise solutions to problems: welfare-to-work trips off their tongues with a glossiness that does not impress the putative recipients. They hear No More Taxes and they know Hackney council will not have more money to fix their crumbling estate. Anyway, they hate Hackney council, blaming it and Labour as the branch of government closest to hand.

I put forward some arguments for their own self-interest, if not for civic duty. What about the minimum wage? A lot of people round here work for less. Yes, they grudgingly agree, that would help. Well what would make you vote Labour with enthusiasm? Proper jobs, for pay well above social security. A decent place to live. Good schools - Julie is bitter because she left a Hackney school unable to read. Lisa says: "The politicians don't know about our life. I don't think they can imagine living with a child on £59 a week. That's what they spend on lunch."

True. So do journalists sometimes and others with power and influence. Lisa is right: if we all suddenly found ourselves living on £59 a week in Kingsmead, it wouldn't be the silent issue of the election, it would be the only issue.

When politicians say we cannot afford to do more, they only mean they don't dare tax us lunch-eaters more. Mezzo. Le Pont de la Tour, the Oxo Tower, Bibendum, Le Caprice and Christopher's, London restaurants are booming as never before. The lunchers shrug and ask, "What can you do about the feckless underclass anyway?" Without money, nothing. With money, a lot. If you took the youngest children on Kingsmead and gave them intensive nursery schools, family support, high-powered education, summer schools and homework clubs you would transform their chances - a better national investment than lunch. But this election, the lunchers have it.

Lisa's militant non-voting stance is, in my view, a bad mistake - but it is at least understandable: "They've got a nerve, haven't they? First they call us scroungers, then they expect us to bloody go out and vote for them. Well, sod that!"

Power to the pooches

Avant-garde ethicists have lately been crying: animals have rights. Right on. Why are pets and pooches excluded from the rite of May - the vote?

There are households in this great nation of ours where the advice of Sam, Fido, Trumpet or Vom would be most welcome, indeed where - if the ballot booth curtains could be drawn tight enough - the family dog would be encouraged to put his paw mark on the ballot paper.

But how would we mutts vote? One can guess about the aforementioned Vom. He is Westminster Dog of the Year, and you would expect his loyalty to lie with his master, the Tory MP Philip Oppenheim.

But Vom's master is not the only one of our erstwhile parliamentarians who has been cultivating the doggie vote. When it comes to pets, opposition to government intervention, freedom of markets, anything that smacks of principle or consistency be damned. If the name of the game is slandering to special interests, Members of the House of Commons can give dogs a run for their money any day.

The National Canine Defence League has them queuing up to sponsor its favoured legislation. Liberal Democrat Diana Mauckock won its seal of approval for taking action against puppy farming. Labour is not far behind the private member dogsbody stakes - few tears were shed in Walworth Road at the demise of the other week of the odd-legged Peter Doig, an old Labour MP who pursued dogs with a vigour he otherwise reserved for denouncing the abolition of hanging.

Yet it would pay us canines



Jack Russell

If animals have rights, why can't we vote on 1 May? And which party deserves our paw mark?

to peruse the party manifestos with care. George Orwell was right: all animals are not equal. "Animal welfare" could mean stopping dogs on Exmoor getting their teeth into a nice piece of venison. For upper-class dogs - at least those with owners who can afford to sojourn overseas -

the Tories are tentatively offering freedom from compulsory kennels on their return to these shores, promising to review the quarantine rules without appearing soft on rabies.

For pit bulls, Rottweilers and other aggressive members of the canine counsance, the Tories will for ever remain the party that introduced the Dangerous Dogs Act which, though now amended, put the mark of Cain on so many innocent fox or stag limb from limb - will assuredly not be voting Lib Dem or Labour. The latter both promise a free House of Commons vote on banning hunting. Perhaps the Lib Dems redeem themselves in beagle eyes by promising to think about banning the use of dogs in experiments.

For the average mutt, cocking his leg in the street or defecating in the children's play area in the park, it is a toss-up between the parties. The Tory manifesto is silent on the matter of turds but sagacious dogs will not forget it was Tory councillors in Westminster who pioneered pooper-scoopers - surely a source of canine shame - and it was Tories also, in Wandsworth, who have threatened evictions for letting dogs relieve themselves on estates.

But what self-respecting street dog would not like to sniff his gashers into the calf of Labour's Jack Straw. If he became Home Secretary, his penchant for registration and anti-fouling laws would make ours ... a dog's life.

British honours: the dignity of Ruritania

Trafficking in honours has always been part of the British underside. Politicians from Pitt to Lloyd George dabbled in it, sometimes on a fairly heroic scale. More recently governments, political parties and sundry lobbyists, middlemen and brokers have done their bit to pollute the fount of honour.

It is not a pretty sight. But how do you ban this unseemly trade? There is only one way, and that is to abolish, or at least drastically curtail, the profusion of honours themselves.

Internationally, the British love of titles has become an embarrassing joke. At international meetings, half a dozen plain misters, including those who will take the decision and whose underlings draft the communiqués, get together with one Brit whose impotence sits oddly with the grandiloquence of his titles.

Domestically, it is more serious still. Orders and titles, their names redolent of feudal privilege and imperial arrogance, subtly convey all sorts of archaic messages. Take, for a start, the Order of the British Empire. Why on earth are we still dignifying and rewarding genuineness with titles of nobility? Most of the ambassadors I have known have been better than that, and so have their wives.

Some say that it is good to reward the unsung heroes of the unglamorous corners of national life. There is more than a little that is patronizing about that argument. To reward one of hundreds of dedicated primary school teachers, a couple out of thousands of admirable nurses, is to tarnish a democratic society's gratitude with a reminder of arbitrary government.

George, a relic of the brief British rule over Cofu and the Ionian Islands? A number of hoary arguments are traditionally put forward in defence of the whole creaking institution of the honours system. It is said that it is a useful and economical way of rewarding public servants and - a sexist nudge - of mollifying their wives. The argument is as insulting as it is ridiculous. Can we really attract to our public service only those who dream of ending up with the letters CMG ("Call me God") or

Can we really attract to our public service only those who dream of having CMG after their names?

GCMG (God calls me God!) after their names, and whose wives would leave them if they would not thereby lose the chance of being called Lady this or Lady that? Most of the ambassadors I have known have been better than that, and so have their wives.

Some say that it is good to reward the unsung heroes of the unglamorous corners of national life. There is more than a little that is patronizing about that argument. To reward one of hundreds of dedicated primary school teachers, a couple out of thousands of admirable nurses, is to tarnish a democratic society's gratitude with a reminder of arbitrary government.

No honours at all, then? Some honours, after all, are properly given and generally felt to be deserved. Military medals, for a start, given for valor on the battlefield, are awarded by all democratic society, and most would feel it wrong if we abolished those tributes to a virtue we all admire and need. Most democracies, too, honour outstanding achievement, whether in government or in civil life. But we in Britain honour too many, in too perfunctory a manner, so that real merit is in danger of being half-insulated.

Everyone knows that knight-hoods are given, not only for contributing to Tory party funds, but to diplomats and civil servants, to military bureaucrats and superannuated politicians who have not quite made it to the top - and for journalists who loyally support the party in power, especially if their newspapers are badly in need of a little honour.

Surely, it would be more decorous if the system were abolished whereby when lawyers feel they are successful enough to charge higher fees the fiction is entered into that they are counsel to the monarch.

There are few things New Labour could undertake that would be more effective in convincing us that it is serious about wanting to create a New Britain than to take an axe and prune the honours system ruthlessly. Virtue, after all, is its own reward; honour, in a democratic society, comes not from No 10 Downing Street or from Buckingham Palace but from the freely given respect of fellow-citizens.

Godfrey Hodgson

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Co-op cost-cutting plan to save millions

Nigel Cope
City Correspondent

The Co-operative Wholesale Society is planning a big cost-cutting programme designed to make the poorly performing business more efficient and help head off the approach from Andrew Regan's Llanica Trust.

However, the CWS denied that its plans were in response to Llanica's aim to cut £10m from the society's central costs if its attempt to acquire parts of

the division's non-food businesses proved successful.

The CWS said yesterday that its chief executive, Graham Melmoth, had set up working parties to cut costs when he took over last autumn.

"We will be taking out millions of pounds of savings across the board," a spokesman said. "Not in jobs but through better use of technology and centralising certain processes that may be duplicated in the regions."

Though there are no plans for mass redundancies the CWS

conceded that the issue of staff numbers would be looked at. Any cuts are likely to be through voluntary redundancy or natural wastage.

In another move which mirrors Llanica's plan to incentivise the Co-op workforce, the CWS is looking at introducing staff incentives. These would take the form of staff discounts.

A profit-sharing scheme along the lines of the one operated by the John Lewis Partnership has not yet been considered. However, the CWS

said it may be looked at as a way of improving accountability and increasing staff motivation.

The CWS said that though its costs could be cut it would not be possible to axe £10m from central overheads without jeopardising the Co-op's traditional federal function within the movement.

"The CWS is the sheet anchor of the Co-op movement," a spokesman said. "It performs a whole range of roles for the other societies including the harnessing of the buying power as

well as supporting the Co-operative Union, which is the administrative centre of the movement."

"You could start to reduce costs by chipping away at all of that. But in doing so you would have no CWS. You might as well pack up and go home."

Mr Melmoth is expected to say more on the issue of costs on Monday when he announces the CWS results for last year. These are expected to show that retained profits fell from £49m in 1995 to £30m last year.

As the Co-op Bank is thought to contribute some two-thirds of that figure, this means the remaining businesses such as the supermarkets, funeral parlours and travel agencies contributed just £10m.

"You wonder if they are making a loss in food retailing," said Clive Vaughan of retail consultants Verdict Research.

The planned changes by the Co-op will be welcomed by retail experts who say the business has remained rooted in the past for too long.

Mr Vaughan said: "The Co-op's problem is that it doesn't seem to have moved with the times. And if it doesn't, it will start to look like the proverbial dodo. I don't think Andrew Regan will succeed but he will act as an agent to accelerate change."

A key part of the transformation would need to be the integration of the disparate group which is spread across 51 different regional societies. These range from tiny operations such as the Britham Co-op in Devon,

which has sales of just £4m a year, to the CWS where sales top £3bn.

It has also emerged that Llanica Trust has appointed Lowe Bell Financial as an additional public relations adviser. It already has Financial Dynamics acting on its behalf as well as an internal manager. The CWS also has three PR advisers - two external agencies plus an internal PR officer. The banks advising both sides are SBC Warburg for the CWS, and Hambrus for Llanica.

Labour to call water summit

Chris Godsmark

A clear signal was yesterday given by Labour that it would introduce a tougher regulatory regime on the privatised water companies if the party wins power. In an attempt to turn growing fears of a summer drought crisis into an election issue, Frank Dobson, Labour's environment spokesman, pledged to call an immediate post-poll industry summit on water shortages.

Mr Dobson said: "On taking office Labour will convene an immediate water summit to thrash out what needs to be done in both the short and long term. We will bring together the water companies, the water regulator, the Environment Agency, together with consumer and environmental groups."

He outlined a 10-point list of measures as several water companies are already warning of the possibility of a drought. Rainfall levels for much of England and Wales in March were negligible, while temperatures this month have been abnormally high. In London there has been no significant rain since February.

At the top of Labour's agenda is a move to "set and enforce tough mandatory leakage targets" though it was not clear last night whether these would go beyond those already set by Ofwat, which several water groups have found hard to match. Leakage rates in England and Wales in 1996 were around 29 per cent.

Leaked internal documents from Thames Water last week revealed the company was fighting with Ofwat over criticism of

its record on water wastage. Ofwat ordered Thames to report on its leakage reduction measures every three months, the only one of the water companies to have to do so.

Other Labour policies include a free leakage repair programme for households, a service currently offered by only a limited number of the water groups. Some offer a service for a fixed fee, which averages about £100. Surveys have shown a large proportion of leakages are in pipes from the street to the front door. Labour would also require water firms to give free efficiency audits for homes and publish leakage levels in the local press.

The industry is already fighting plans by Ofwat, the industry watchdog, to impose substantial one-off price cuts on the 10 privatised water and sewerage companies after 2000. Ian Byatt, the regulator, has indicated he is likely to make the kind of substantial reduction seen in the gas and electricity industries unless tougher environmental rules are imposed on Brussels.

Ofwat declined to comment on Labour's proposals. "We cannot make any comments during the election period," a spokeswoman said. However, she said Mr Byatt was likely to receive a detailed document from Yorkshire Water examining "economic levels of leakage" next month which could have wider implications. Ofwat also said that industry summits were not a new idea, and had been held following the 1995 drought.

Water shares, however, were boosted by City speculation that Labour's windfall tax less than previous market estimates. Market report, page 27



Nottingham landmark: Kenneth Clarke (left) and Eddie George made history when they met yesterday

Photograph: Tom Pilston

The Ken and Eddie show goes on tour

Diane Coyle
Economics Editor

It was a historic occasion when Kenneth Clarke and Eddie George held their monthly monetary meeting in a tax office in Nottingham yesterday. Not only was it the first time the meeting had been held outside central London, but it could also turn out to be the last episode of what has become known affectionately as the Ken and Eddie show.

For if Labour does win the

election, Gordon Brown has said he will take the personality out of interest rate policy, replacing the one-on-one discussion with a clash of two committees, the Treasury team and a new Monetary Policy Committee at the Bank of England.

It is a proposal that has not found much favour in the City of London, where the current arrangements are seen as relatively transparent. Although the outcome of yesterday's meeting will not be known un-

til after the Bank's money market operations this morning, and the minutes not published until the end of May, the views of the two protagonists are well known.

Mr George is thought to have advised an increase in interest rates, as he has every month since November. Most economists think Mr Clarke will once again have rejected the advice because of the closeness of the general election.

The pleasure of sending mortgage rates higher will prob-

ably fall to the next chancellor.

The monthly chancellor-governor meetings were introduced at the end of 1992 as part of the new regime established to shore up policy after the ERM débacle. They replaced earlier meetings between Bank and Treasury officials, presumably in a bid to show that, with the two leading actors replacing the understudies, interest rate policy was now being taken seriously. The minutes were published from the start of 1994.

Labour's planned Bank of England policy committee is presented as a means of overcoming the inevitable focus on the personalities of the chancellor and governor - especially when they are as colourful as Ken and Eddie - and any clashes between them.

However, City analysts fear it will reduce the Bank's freedom to recommend unwelcome courses of action, and would have preferred a commitment to an independent central bank.

Rolls to double annual bonuses

Michael Harrison

Rolls-Royce, the aero-engine manufacturer, has decided to double annual bonus payments for top executives because its scheme is no longer competitive with comparable companies.

From this year executive directors will be able to earn annual bonuses equivalent to 40 per cent of their basic salary. The bonus scheme used to pay out a maximum of 20 per cent.

If maximum bonuses are earned this year, Rolls directors could be in line for share payments approaching £800,000. Based on his basic salary last year of £317,000, the company's chairman, Sir Ralph Robins, could receive up to £126,800.

Sir Ralph's total pay last year rose by 18 per cent to £393,000. This included an annual bonus of £49,000, equivalent to 15 per cent of basic pay. Total boardroom pay last year rose 20 per cent to £2.384m.

Rolls' annual report and accounts also discloses that the company is replacing its executive share options scheme with a long-term incentive plan, payable in shares and cash and based on total shareholder return and earnings per share over a rolling three-year period.

Enterprise Oil, meanwhile, has awarded its chairman, Graham Hearn, a 16 per cent salary increase this year to £400,000 even though he has handed over part of his duties to a new chief executive, Pierre Jungels. Mr Hearn's salary will drop to £160,000 in November when he moves into the role of part-time chairman.

Mr Hearn's total pay last year, including a bonus of £122,125, rose 20 per cent to £493,568. Mr Jungels will receive a basic salary of £250,000.

Shell defends environment policy from Pirc attack

Chris Godsmark
Business Correspondent

Shell, the Anglo-Dutch oil giant, yesterday launched an unusually outspoken defence of its business practices, urging shareholders to reject a special resolution proposed for its annual general meeting by investors critical of its environmental policies.

John Jennings, chairman of the corporation's UK-based arm, Shell Transport and Trading, said he was disappointed with the resolution, which has been drafted by the shareholders' advisory and pressure group, Pirc. The attack is likely to be viewed as another indication of Shell's drive towards greater transparency, shocking its sometimes secretive public image.

Clearly frustrated that Pirc had decided to press on with the assault despite earlier meetings with Shell management, he said: "We rather take exception to the resolution. We believe it demonstrates an incomplete

knowledge of what's already being done."

Last night the chances of Pirc withdrawing the resolution seemed remote. Stuart Bell, the organisation's research director, said: "If the company can demonstrate that all the elements are being dealt with then clearly there's no reason to push on with the resolution. But at our last meeting with Shell, which was just two weeks ago, they gave us no indication that this was the case."

The resolution, to be put to the AGM on 14 May, calls on Shell to put a single, named director in charge of environmental and corporate policies, to appoint external auditors to review the policies and to publish a report for shareholders specifically on the company's operations in Nigeria. Pirc said its move had been supported by more than 100 shareholders, speaking for just under 1 per cent of Shell shares.

The resolution follows the

worldwide criticism of Shell's reluctance to take a public stand in 1995 against the Nigerian regime's execution of the Ogoni leader, Ken Saro Wiwa. The group also faced controversy over its plans, later abandoned, to dump the Brent Spar oil platform at sea.

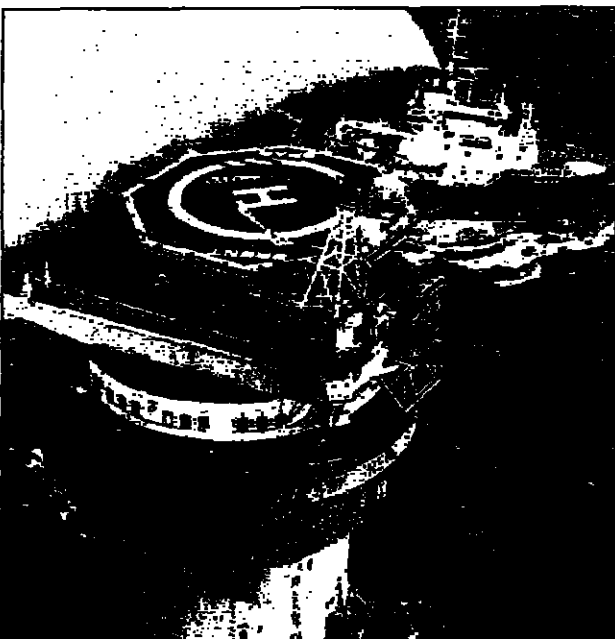
In an attempt to head off a wider shareholder revolt, Mr Jennings appeared to offer significant concessions yesterday. He said Shell aimed to publish a group-wide report outlining the conclusions of a long-running environmental review before the AGM. "I don't see the need for the resolution at all," he said. "It's not the right way for ensuring a business is run properly."

He also insisted that most of the criticisms were already being tackled. In particular, he revealed that Shell was experimenting with outside environmental audits in some parts of its empire, which included the Nigerian and British operations. But he declined to say

which firms of auditors were taking part or which parts of the group were affected. He also added that few auditors had sufficient expertise of environmental work.

Pirc, which has been backed by the Church-based shareholders' organisation, the Ecumenical Council for Corporate Responsibility, said it was nonsense for Shell to argue that it had received no prior warning that the resolution would be tabled. "If they are doing all the things in the resolution, why aren't they supporting the resolution?" said Mr Bell.

Shell Transport's annual report for shareholders, published today, also revealed that Mr Jennings' total pay package rose last year by more than 9 per cent to £677,703. His basic salary rose from £470,776 to £496,322, while his performance-related bonus went up by £28,000 to £124,000. Mark Moody-Stuart, group managing director, saw his total pay rise by more than 6 per cent to £510,002.



How green? The Brent Spar oil platform was one focus for critics of Shell's environmental policy

SFA risk-rating system queried by Large

Michael Harrison

Sir Andrew Large, the chairman of the Securities and Investments Board, has questioned the new system of risk rating for investment banks and securities houses that the Securities and Futures Authority intends to introduce this summer.

Under the SFA's new regime, the 1,370 firms it regulates will be rated on a scale of one to five based on the level of risk involved in their operations and the quality of their management controls.

The new system will be used to determine how tightly firms are regulated, how often they are inspected and how much capital they must put up to cover the exposure in particular markets. Individual firms will be informed of their ratings this summer.

But in a speech to businessmen in Cardiff earlier this week, Sir Andrew, who as SIB chairman is in overall charge of regulating the financial services industry, pointed to some of the drawbacks of such a system and the dangers of misinterpretation.

Sir Andrew said: "If we make judgements about the riskiness in firms how will we find the right way to inform firms about how risky we think they are, when we have carried out our risk assessment? Feedback to the firm on the key points of the assessment is essential. But should this be done formally through some form of rating or risk profile? And if so, should the firm be told precisely what

it is? And what about the public? Regulatory assessments can easily be misunderstood - one should think of a run on a bank as a result of an ambiguous regulatory assessment. We need to consider similar issues for non-bank firms."

SIB sources stressed it was strongly in favour of weighting the system of regulation so that firms perceived as being more risky were monitored more closely, visited more regularly and required to put up more capital.

But they were sceptical about using a formulaic rating system. "There are difficulties with categorising a firm from one to five because there is no single number that can encapsulate everything," one said.

The SIB is also thought to be concerned about firms using their SFA rating as a marketing tool to attract clients.

An SFA spokesman stressed that the purpose of the rating system was to enable it to decide internally how much attention it needed to pay to individual firms.

The SFA system rates firms in five categories - financial stability, quality of systems and internal control, business, supervisory complexity and quality of personnel and management. Although the SIB is responsible for supervising the work of the SFA, the Financial Services Act gives all the self-regulatory organisations in the City independence from one another and the SIB.

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STOCK MARKETS				
Index	Close	Day's change	Change (%)	1996/97 High
FTSE 100	4292.30	+23.00	+0.5	4444.30
FTSE 250	4539.60	+20.90	+0.5	4729.40
FTSE 350	2119.60	+11.10	+0.5	2194.30
FTSE SmallCap	2290.90	+4.50	+0.2	2474.20
FTSE All-Share	2087.56	+10.37	+0.5	2163.94
New York	5653.84	-45.32	-0.7	7085.16
Tokyo	17703.37	-318.33	-1.8	22666.80
Hong Kong	12426.69	+28.11	+0.2	12869.24
Frankfurt	3359.46	+29.70	+0.9	3460.64

INTEREST RATES				
Short sterling*	UK medium gilt*	US long bond	10yr US	30yr US
6.75	7.50	7.50	6.12	7.69
6.50	7.25	7.25	5.99	7.10
6.25	7.00	7.00	5.86	6.81
6.00	6.75	6.75	5.73	6.52
5.75	6.50	6.50	5.60	6.23
5.50	6.25	6.25	5.47	5.94
5.25	6.00	6.00	5.34	5.65
5.00	5.75	5.75	5.21	5.36
4.75	5.50	5.50	5.08	5.07
4.50	5.25	5.25	4.95	4.78

CURRENCIES				
£/\$	£/DM	£/¥	DM/\$	¥/\$
1.6233	0.6180	1.6250	0.6180	0.6557
1.6190	0.6177	1.6215	0.6177	0.6572
1.6150	0.6174	1.6180	0.6174	0.6587
1.6110	0.6171	1.6145	0.6171	0.6602
1.6070	0.6168	1.6110	0.6168	0.6617
1.6030	0.6165	1.6075	0.6165	0.6632
1.5990	0.6162	1.6040	0.6162	0.6647
1.5950	0.6159	1.6005	0.6159	0.6662
1.5910	0.6156	1.5970	0.6156	0.6677
1.5870	0.6153	1.5935	0.6153	0.6692

Statistics as of April 10

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Brown's band of Roundheads would not work

'No wonder many in the City suspect that the point of Labour's proposals is to create a more compliant Bank of England... At best the new committee would be window-dressing'

Where Ken Clarke is a laughing Cavalier, Gordon Brown is a Roundhead. No matter how sure one is that the stern Scot would run a tighter monetary policy than our current Chancellor, tough on inflation and tough on the causes of stagflation, one is bound to feel a few pangs of regret over the likely demise of the monthly monetary meeting, which during its three-year run has provided considerable entertainment. A clash of personalities might not make for wonderful interest rate policy, but boy has it been fun.

Nor is it obvious that the Cromwellian committee Chancellor Brown would install at the Bank of England will turn out to make better decisions than we get from the present system. Labour's advisers emphasise that the point of a Monetary Policy Committee is to get away from the distracting focus on personality. But the suspicion must be that the point is to remove the possibility of a clash - to make sure the Bank of England does not disagree effectively with the Chancellor.

There is, after all, a contradiction in Labour's plans for institutional change. Mr Brown would abolish the Treasury's advisory panel, the six wise persons, because its members never agree and cannot give consistent advice. How true - as cynical commentators said when it was first established, that was the entire point of setting up the panel. But he would create a new committee at the Bank.

No wonder many in the City suspect that

the point of Labour's proposals is to create a more compliant Bank of England. Certainly the nature of Mr Brown's appointments will be watched like a hawk, although he has already emphasised that they would all be respected experts on monetary policy.

At best the new committee would be window-dressing. If Labour really believes the current arrangements have not served the economy well because of Ken Clarke's cheery disregard for stern advice, Mr Brown should make the Bank independent. Britain is the last big modern economy not to have an independent central bank. Other countries have managed to overcome any difficulties about political accountability.

Meanwhile, as Mr Clarke rides off into the Nottinghamshire sunset, he deserves some praise not only for panache in monetary policy, but also for doing a much better job of it than his more cavalier predecessors.

Mutual champion deserves to succeed

A cynic would argue that, unlike many others, Alastair Lyons, newly appointed chief executive of National Provident Institution, can afford his strongly pro-mutual principles. He very recently received a near three-quarters of a million pound payoff following Abbey National's takeover of National and Provincial Building Society, so he doesn't have to be in awe of the share op-

tions, long-term incentive plans and bumper salaries that tend to be on offer in proprietary companies. Well, maybe, but the observation is a little unfair, for Mr Lyons was as vehement a defender of mutuality while at National and Provincial as he intends to be in his new job at National Provident.

The pressures for demutualisation among life insurers are very different from those at work among the building societies, but the basic argument in defence of mutuality is much the same - if the customer and the owner of a business are one and the same, then logically the customer is better off since there is no separate class of shareholder that has to be serviced. This assumes, of course, that the mutual is able to match the proprietary company in terms of efficiency and profits, which is not always the case. None the less, the underlying logic of the argument cannot be faulted, so why are so many building societies and life insurers converting?

With building societies the answer lies with the very substantial free shares windfall that demutualisation is able to deliver to members. With life insurers the case is less clear cut, for with one or two exceptions (notably Norwich Union), conversion doesn't on the whole deliver these upfront gains. To make the case for selling out, the life insurer is generally forced to resort to the argument that it needs more capital in order better to pursue a high-return investment strategy. The gains, such as they are,

come on the reversionary and terminal bonuses. But who's to say the life insurer wouldn't have delivered these gains anyway over the lifetime of these policies?

Mr Lyons believes he can find new capital to support his growth and investment strategy without actually selling the business. He doesn't pretend it won't be hard, for National Provident lacks the financial strength of the two other firmly committed life mutuals, Standard Life and Scottish Widows. But he does think he can provide a viable mutual future, with clear advantages over an outright sale to Australian Mutual or some such other. Like those building societies that have chosen to stay mutual, he's going to have to find a way of demonstrating the advantages of mutuality to policyholders by offering tangible mutual benefits. Let's hope he succeeds.

Risk-ratings could turn out to be a nightmare

There's plainly a difference of opinion between the Securities and Investments Board (SIB) and the Securities and Futures Authority (SFA) over whether to risk-assess City investment banks and stockbrokers. The SFA sees risk assessment as a way of lightening the regulatory load on low-risk firms with adequate internal controls, allowing scarce resources to be concentrated on the cases that really need it.

By contrast the SFA's parent body, the SIB, sees dangers in such an approach. It would clearly be very damaging for any firm to receive an adverse rating. As Andrew Large, the SIB's chairman, has pointed out, the effect might be similar to an adverse credit assessment on a bank, causing a run on deposits. Firms in receipt of a favourable rating, on the other hand, would be tempted to use it as a marketing tool.

The SFA arguably has too much power already. There has been a notable increase in recent years in the volume of complaints among City firms about supposedly oppressive regulation. The introduction of a publicly disclosed rating system would give the SFA the power to play God, to make or break companies and livelihoods. Obviously the City needs to be effectively regulated, but that cannot be right.

The SFA is already far too commonly used as a competitive tool in the City. If you don't like what your rival is doing, it is all too easy to stop it with a call to the SFA. Quite frequently the effect is to stifle perfectly legitimate innovation. The imposition of a rating system would be a much more sinister development, for it should be customers and clients, not big-brother regulators, who decide on whether a company is worth doing business with. What are the criteria the SFA is planning to use, and will there be channels of appeal? The whole thing sounds like a nightmare, and in truth is unlikely to be of much assistance to anyone.

Lyons' share for career changes adds up to £1.1m

John Willcock

Alastair Lyons has been appointed chief executive of NPI, a mutual pensions company, days after receiving a £740,000 pay-off from Abbey National. And he has clinched another favourable employment deal, with a salary of £325,000 from NPI on an initial 18-month contract.

He made a name for himself by fighting hard to keep National and Provincial Building Society independent when it sought a partner over a year ago, but N&P was eventually bought by Abbey National. Mr Lyons stayed on as managing director of Abbey's insurance division and played a key role in merging the two institutions.

His new role will again be high profile, as NPI is being stalked by Australian Mutual Provident. City sources suggest a selling price of around £200m if AMP is successful.

Mr Lyons said yesterday he intended to champion NPI's status as an independent, mutual company. "I've come into this business to build it, not sell it. I'm a passionate believer in mutuality. It's the best deal for

the customer since there is no sharing of the value created in the company with a third party - shareholders."

Mr Lyons will succeed Kevin McBrien as chief executive of NPI. The company is based in Tonbridge in Kent and has around £100m under management, with 390,000 policyholders. It sells its products through independent financial advisers.

NPI said Mr McBrien would retire from the board at the beginning of July and Mr Lyons would take up the post of chief executive in June.

Mr Lyons said: "I enjoyed working with Peter Birch [chief executive of Abbey National]. It was a great period. I always said to Peter that I wanted to be chief executive of my own business at some point, but not before N&P was fully integrated with Abbey."

He said that long-term savings were the fastest-growing area of financial services because of demographic reasons. "Because of our relative small size [at NPI] we can run rings around the competition."

Mr Lyons denied that he was doing a U-turn on mutuality, having caved in to Abbey's bid

for N&P. "N&P's branches and advisers needed investment, but the size of the business meant we couldn't sustain that investment. That is why we decided we needed a partner, which meant we needed to demutualise."

"NPI is completely different. It is a tightly focused business which doesn't need to demutualise."

Despite his enthusiasm for mutuality, Mr Lyons denies that the current wave of conversions to plc status among building societies and insurers has gone too far.

"If all the societies and insurance companies had converted then that wouldn't have left future generations with a lot of choice over financial services. What these conversions have done is to act as a very healthy catalyst to force the remaining mutuals to be more competitive."

Halifax, Woolwich and Alliance & Leicester building societies are converting this year. Mr Lyons said that while he did not know which direction they would take, their managements had been acting for years as if they had already converted.



No U-turn: Alastair Lyons denies that the wave of conversions to plcs has gone too far

Exchange rate averaging boosts RMC

Tom Stevenson
City Editor

RMC gave last year's profits a £20m boost yesterday by translating its overseas earnings at average exchange rates rather than using the pound's sky-high year-end value. The ready-mixed concrete and quarrying group said it was one of the last companies in the FTSE 100 index to make the move, although it admitted its decision had been influenced by the extreme volatility of the foreign exchange markets last year.

Even using the new accounting method, RMC announced a sharp fall in profits, from £224.9m to £295.3m, after a slump in Germany, which traditionally provides more than

half the company's profits but was hit last year by a slowing economy and poor winter weather in the first half. RMC shares closed 7.5p lower at 993.5p, well below the peak of £11.95p reached last September.

Peter Young, chief executive, said he expected further falls in volumes this year in Germany although at a slower rate than last year which saw reductions of up to 9 per cent. Profits in Germany tumbled from £187.5m to £139.6m, mirroring the large drop in German profits announced recently by Redland, the other British construction materials company with a large exposure to that country.

RMC has reduced its 12,000-strong German workforce by

about 1,400 in the past 18 months to cope with the first reduction in sales volumes since reunification and the challenge of cheap concrete imports from Poland.

On the old translation basis RMC's figures were at the top end of analysts' expectations as weakness in Germany and France was offset by strong performances from American and Israeli operations. Profits of £275.8m compared with expectations of as low as £250m, struck from flat turnover of £4.08bn. Earnings per share fell from 80.3p to 68.9p, but the company's conservative dividend cover meant the payout could still be increased by 6 per cent to 26.5p.

At home profits fell slightly to £72.8m (£76.8m) as the construction industry continued to struggle against a lack of significant recovery in the new housing market, government cutbacks in finance for new roads and slower progress than hoped for on the private finance initiative.

Mr Young called on the next government to reverse Britain's consistent under-investment in infrastructure spending, which he said had created a construction industry in this country only one third the size of that in Germany. The industry represented only 8 per cent of gross domestic product in Britain compared with 12 per cent of a larger economy in Germany and 15 per cent in Spain.

"There are no votes in putting anything right in this country," he said. "There will be in 10 years when the whole place is gridlocked; by then it will take another 20 years to catch up." Describing the UK attitude to public sector construction as "a morass of mis-information", he called on the Government to settle on a transport policy that would include road and rail. He said, however, he had little confidence that such a policy would emerge.

RMC said it would be interested in acquiring the French aggregates operations recently put up for sale by Redland, but doubted whether its British rival was yet realistic about the price a bidder would pay.

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Alliance share sale forms lost in the post

Clifford German

Several thousand members of the Alliance & Leicester were still complaining yesterday that they have not received forms allowing them to choose to sell their shares immediately for cash or to keep the shares.

The forms have to be returned by today if investors want their shares put into the auction being conducted by brokers Cazneau at the start of trading in the shares on 21 April.

Members have also complained that they have been unable to get through on the customer hotline set up by Alliance & Leicester, and fax facilities have become overloaded.

A spokesman for the society said yesterday that as the Royal Mail can only guarantee to deliver 98.8 per cent of mail posted, it was inevitable that some packets would have gone astray out of the 2.3 million posted last month. He also admitted that the customer hotline could have been busy at times, especially immediately after the Easter holiday.

Because of the tight deadline there is no possibility of extending the time limit for returning forms in time to participate in the free sale.

But A&L is anxious to reassure customers who want to keep their shares that they will not lose their entitlement if they have not returned their blue or orange forms by today's deadline.

They will still be able to claim their shares at any time, and to choose whether to accept the offer of a nominee account or the actual share certificate.

Russia leads emerging markets back to favour

Magnus Grimond

Russia is leading emerging markets back to favour among international fund managers after three years of under-performance, according to a survey published yesterday.

Among the most bullish about the country, Edinburgh Fund Managers is forecasting that the Russian market will outperform the best Asian market by 20 per cent this year. And there is widespread belief among other professional investors that it will emerge as the strongest performer in 1997.

The findings come from the latest quarterly survey conducted by Burson-Marsteller, the public relations consultancy, of 35 emerging market investors who manage 70 per cent of all

portfolio investment in developing markets.

It comes ahead of the arrival in London next week of six of Russia's leading companies, including the GUM retailing group and Surgutneftegaz, the second-largest oil group, on a roadshow to encourage UK institutions to invest more in the country.

Explaining the new enthusiasm for Russia, Paul Philpotts, Burson-Marsteller's managing director, said: "Six months ago, institutions thought other parts of Eastern Europe were good investments. They now see Russia as a good buy. It's undervalued. Also the election means that politically it has become more stable."

Mr Philpotts added that Latin

America was "definitely back with a vengeance", having got over the Mexican financial crisis of 1994/95. Investors believe that economic recovery will continue in the area, fuelled by lower inflation, greater control of budget deficits and positive growth. Once seen as being tied to the US economy, the view was increasingly that the area could weather a correction in either US interest rates or on Wall Street.

Despite some signs that Poland and Hungary are looking over-priced compared with six months ago, Eastern Europe is still seen as offering some of the best opportunities among emerging markets. Smaller, so-called frontier markets, such as Slovakia, Ukraine and Croatia are also attracting some interest, the survey shows.

CWU urges Labour to 'go easy on BT'

Chris Godsmark
Business Correspondent

British Telecom should escape the full force of Labour's proposed windfall tax on the privatised utilities, the Communication Workers' Union urged yesterday in a policy document demanding an end to many of the regulatory restrictions of the phone company's business.

The union, which has around 75,000 members in the telecommunications industry, admitted Labour may have to include the group in the tax net for legal reasons but insisted it had shed most of its utility trappings and should be treated more leniently.

Tony Young, the CWU's joint general secretary, said BT was already tightly regulated and

had contributed £8bn to Treasury coffers in corporation tax. He said: "The pragmatic realisation is that there is going to be a windfall tax. BT has been well regulated and consumers have benefited. Those factors ought to have been taken into account by Labour."

The document outlining the union's strategy for the industry urges the next government to remove the ban on BT and Mercury broadcasting entertainment services down their phone wires. It also argues for an end to the ban on BT offering radio technology for fixed phone lines, a system used by the fast-growing phone company Ionia.

Another proposal is to allow BT to buy the 40 per cent of the Celtel mobile network off its partner, Securicor.

IN BRIEF

Lincoln Unit Trust Managers fined by Imro

Imro, the UK investments watchdog, has fined Lincoln Unit Trust Managers and LTV a total of £20,000. It said Lincoln breached Imro rules by not paying about a quarter of money received from around 700 personal equity plan (PEP) applications, into a client money bank account within the required period between January 1994 and January 1995. It added that between April 1993 and February 1995, Lincoln did not have adequate procedures for monitoring that orders were executed as soon as reasonably practicable. It said LTV did not adequately monitor the suitability of investments or the propriety of allocations. At the time of the breaches LTV was a fund manager with portfolios of approximately £1.1bn. Lincoln, an authorised trust manager, ran nine unit trusts and PEPs. Both firms have remedied the deficiencies and will pay costs of £30,000.

18 indicted over US stock fraud

A federal grand jury in New York indicted 18 people arrested for penny-stock fraud following an FBI sting operation in October. Mary Jo White, the US Attorney in New York, said that, if convicted, the people could face maximum prison sentences ranging from five to 20 years and fines ranging from \$250,000 to more than \$1m. Those indicted are among 45 people arrested by Federal agents in a nationwide crackdown on fraudulent stock sales. The arrests were the most ever in a stock fraud case. A total of 22 people have now been indicted, according to Bruce Orr, one of the assistant US attorneys in charge of the prosecutions. Trial dates have not yet been scheduled.

Omnicom makes giant PR acquisition

Omnicom, one of the world's largest public relations companies has confirmed its status by buying Fleischman-Hillard, the sixth largest company world-wide, in a deal valued at up to \$100m (£62m). Fleischman-Hillard will be combined with Porter Novelli International, already owned by Omnicom, with Fleischman-Hillard's chairman John Graham as chairman and coo.

Eastern aims to increase gas customers

Eastern Group, the power company, said it aimed to double the rate of growth in its domestic gas business in trials of residential competition under way in the South of England. Jim Whelan, Eastern's director of energy trading, said the group had 75,000 domestic gas customers in the three trial areas, giving it one of the largest market shares after British Gas. He said he wanted to sign up new customers at the rate of 6,000 a month, up from the current average of 3,000 a month. "We intend to grow this business quite aggressively," he added. Eastern also announced plans to join with Rolls-Royce in a risk-sharing venture to supply gas to a power station project in the Midlands. The site, likely to cost about £35m to build, will use two Rolls-Royce turbines derived from the Trent aero-engine. Eastern will supply gas in a 15-year contract starting next year.

Japan ready to act over fluctuating yen

Recent movements of the yen in the foreign exchange market had been excessive and Japan would take appropriate measures in a timely manner, Japan's Vice Finance Minister, Tadashi Ogawa, said. Asked whether Japan and the US shared the same view on currencies, Mr Ogawa said: "We are of course keeping in close contact with US authorities." Senior Ministry of Finance official, Eisuke Sakakibara, said intervention in foreign exchange markets by Japanese authorities was possible if exchange rates deviated greatly from economic fundamentals. Mr Sakakibara said the Group of Seven nations agreed at their February meeting in Berlin that exchange rates should reflect fundamentals, and should move in a stable manner and not excessively. "We are concerned [recent movements] have become too excessive," he added.

NTT and MCI plan world-wide Net service

Two prime Internet service providers in Japan and the US are to launch a joint venture to enable overseas travellers to access the Internet without contracting with a local Internet provider. The service provided by NTT Data of Japan and MCI of the US would save cut costs for overseas business travellers by sparing them the need to make expensive international calls to log on to the Net. A Japanese traveller to the US using the Internet for one hour during business hours would pay about ¥2,000 (£10) compared with the ¥7,800 charge for a one-hour international call. The new service is to be available in Japan and the United States in July, and later in Europe and other parts of Asia. NTT Data said it aimed to become the number one Internet service provider in Japan in the near future. MCI said that it planned to boost its annual revenues from Internet services to \$2bn by 2000, representing about 6 per cent of total revenues by that date.

Shareholders authorise Rank buy back

Sir Denis Henderson, chairman of Rank Group, said that the UK's largest leisure company made generally good progress in the first quarter. Addressing the annual general meeting he said it had been a quiet period for video releases, and lower operating profit in video duplication has broadly offset increases elsewhere. "Our plans are ambitious and the outlook for the company is promising," he added. Shareholders authorised the company to make market purchases of up to 10 per cent of its ordinary shares. Sir Denis said: "Whilst we have no immediate plan to exercise these powers, they represent an important additional option to ensure that we are in a position to deliver the best value to our shareholders."

Safeway launches home shopping service

Safeway is launching its first home shopping service, following similar ventures by Sainsbury's, Tesco and Somerfield. It claims to be the first such service to offer weekly personalised shopping lists. Using a ready-made personalised shopping list, based on previous purchases, customers will be able to pre-order, by phone or fax, their household goods. Collect & Go staff will then select the shopping at the store leaving it ready for collection by the shopper.

Adidas investors in £1bn bonanza

Jim Levi

Adidas yesterday announced that one of its main shareholders was disposing of almost 12 million shares, worth £750m. The sale will in effect make the original £200m invested four years ago by Robert Louis-Dreyfus and four others for a 76 per cent stake in the then loss-making German sports-wear giant worth £1.1bn.

Mr Louis-Dreyfus, the 50-year-old former chief executive of the Saatchi & Saatchi advertising agency who once dated Kim Basinger, acquired his stake in Adidas for a reputed £200m from the controversial French entrepreneur-turned-politician, Bernard Tapie, and bankers Credit Lyonnais in April 1993. At the time the company was racking up losses of more than £60m a year.

Two years later he was able to sell 50 per cent of the shares in the company for £600m in a global public offering to leading financial institutions. The flotation followed a dramatic recovery in the company's sales and profits.

Last month Mr Louis-Dreyfus was able to disclose a further profits spurt in company. During 1996 sales soared by 75 per cent to DM4.7bn (£1.7bn) and profits surged by 50 per cent to DM440m (£160m).

Both the Olympics in Atlanta, Georgia and the Euro 96 football championships in the UK proved a winning forum for the Adidas brand. The victorious German soccer team all wore Adidas products as did no fewer than 220 Olympic medalists.

Now, with Adidas shares riding high at around DM185, the final 26 per cent stake in the company held through a private Belgian company, Sogedim, is being sold for an additional £750m. It makes the profit on the venture shared between four men and one woman work out at around £900m.

David Bromilow, 54, a little-



Given the boot: Robert Louis-Dreyfus has disposed of 12 million shares in Adidas at a vast profit

known financier running a medical publishing company in Hong Kong, collected the lion's share of the profits of £427m on the original shares flotation. He was a partner with Mr Louis-Dreyfus in his first business venture – a market research company specialising in the pharmaceutical industry. Mr Bromilow now lives near Bangkok and his son Charles

runs Adidas in Singapore. Mr Bromilow and two other backers, Tom Russell, a Florida real estate developer, and Mary Friday, former secretary to Mr Louis-Dreyfus and now a lawyer in South Carolina, share a further £325m of the spoils between them.

But for Mr Louis-Dreyfus personally, this is not a sell-out. He and Adidas boardroom col-

league, Christian Tourres, the two driving forces in the business, have agreed to retain half the Sogedim shares on offer and hold them as private individuals. The rest will be sold to other global financial institutions through a bookbuilding operation organised by Union Bank of Switzerland. UBS was confident the placing would be quickly completed last night.

To underline his success in transforming Adidas, Mr Louis-Dreyfus last night released first-quarter figures for 1997, showing sales up another 42 per cent at DM1.7bn and profits 37 per cent ahead at DM235m. Last autumn, Mr Louis-Dreyfus signed another high-profile marketing agreement to sponsor the soccer World Cup in France next year.

Good trial results boost Glaxo shares

Magnus Grimond

There was good news for both ends of the healthcare sector yesterday. Glaxo Wellcome announced encouraging results for its new hepatitis B treatment and medical products minnow Biocompatibles International received the all-clear to launch a follow-on to its successful Proclear durable product into the fast-growing US market for replacement contact lenses.

The news was worth 20p for Glaxo's share price, taking it to £11.08, while Biocompatibles jumped 82.5p to £13.75. The results of the latest clinical trials into the effectiveness of lamivudine, better known as Epivir, the anti-Aids drug, on the hepatitis B virus were well received by analysts, although forecasts of eventual sales vary widely from £250m up to £3bn or more.

They will form part of a regulatory filing in Asia later this year, the first time the drugs group has asked for official approval for a new drug in the East rather than the West.

Glaxo said a study of 358 Asian patients overseen by Professor C. L. Lai of Hong Kong had shown that between 59 and 67 per cent of chronic sufferers had shown improvements to their livers, the organ attacked by the disease, after using the orally administered drug for a period of 12 months.

This compared with only 30 per cent of those using placebo drugs whose liver condition improved.

The tests involved taking biopsies of the livers of the patients involved to seek out the

symptoms of the disease, which can lead to both fatal cirrhosis – or scarring – and cancer, and is passed on like Aids through bodily fluids and from mothers to offspring.

Glaxo said the results also compared well with the current treatment using interferon, where the equivalent percentage was more like 30 to 40 per cent.

Other tests showed that 16 per cent of patients using lamivudine resulted in unde-

etectable levels of the hepatitis B antigen in the blood, an indicator of the extent of the virus in the body. The potential market for lamivudine is huge. Hepatitis is carried by 350 million people around the world, of whom 95 per cent are in developing countries, particularly Asia, and 2 million die every year.

Glaxo said definitive conclusions on the product would have to await further analysis, but described the latest results as "extremely encouraging".

Lamivudine has the greatest commercial potential of any drug in Glaxo's short-term pipeline

Analysts said the test results were in line with expectations, but their view of the prospects for lamivudine differ hugely. Stewart Adkins at Lehman Brothers has described lamivudine as having "the greatest commercial potential of any drug in Glaxo's short-term pipeline". Others, however, warned that the sample size was small and Glaxo still had to deal with pricing issues in the main developing country markets, which are less able to pay for expensive drugs.

One analyst suggested the company might effectively have to give the new drug away in developing markets. Glaxo said it was "discussing how to make the product available in China", probably the biggest potential market anywhere but with limited resources.

Lamivudine was discovered by BioChem Pharma, a Canadian company, and licensed to Glaxo. SmithKline Beecham of the UK and two US companies, Gilead and Bristol Myers Squibb, are developing rival hepatitis B treatments, but they are at an earlier stage than Glaxo.

Separately, Biocompatibles said it had won approval from the US Food and Drug Administration to market its new Proclear Compatibles monthly replacement contact lenses. Launched in the UK and northern Europe in February, the authorisation opens up the \$800m US soft lens market. The group's Proclear durable lens, which has been on the market for two years, achieved £3m sales out of the group's £11m total for 1996.

Prudential yesterday struck its second deal in a week, selling its Italian life insurance company, Prudential Vita, to Royal & Sun Alliance for £40m. The move follows Pru's decision to top up its stake in Rothchild Assurance to 29.9 per cent at a cost of around £30m.

Keith Bedell-Pearce, Pru's director of international development, said: "The sale of our Italian operations completes the disposal of our relatively small life companies in continental Europe. For the moment our strategic focus is on the UK, US and Asia Pacific."

Prudential Vita's premium income was £52m last year while Royal & Sun's Italian operations produced £13m. David Barker, Royal's head of international life operations, said: "We view the Italian market very positively."

IN BRIEF

Profits rise at Rathbone Brothers

Rathbone Brothers, the banking and financial advisory services group, announced an increase in taxable profits for last year from £7.36m to £9.61m. The final dividend is 7.5p, lifting the total payout from 10p to 11.5p. Oliver Stanley, chairman, said all parts of the group made good progress, especially Laurence Keen since his acquisition in 1995. The purchase of Neilson Cobbold would produce earnings enhancement from 1997, he said. Mr Stanley is to step down and will be succeeded by Micky Ingall.

All systems go at Tracker Network

Tracker Network, the provider of systems to aid the recovery of stolen vehicles, moved from losses of £1.6m to taxable profits of £210,000 last year. Earnings per share were 4p, compared with losses of 30.5p. Ralph Kanter, chairman, said: "The new year has started positively, with unit sales in the first quarter up 20 per cent on the same period in 1996." Recoveries of stolen vehicles fitted with the Tracker system exceeded 1,750, and the total value of stolen vehicles recovered as a result is estimated to exceed £21m.

Reflex poised to buy group of companies

Reflex said it planned to buy an unnamed group of companies involved in the processing of micro-particles for the chemicals plastics industries for around £2.5m. The company has suspended dealings in its shares on the Alternative Investment Market pending the conclusion of the deal, which is expected late next month and which will be funded by an issue of shares.

Premier expands interest in Kyle block

Premier Oil has acquired a further 15 per cent interest in Block 29/2c, which includes the Kyle Field, from Mobil North Sea for an undisclosed sum. This brings Premier's interest in the block to 35 per cent. Following the disposal by Mobil, Premier Oil said the remaining partners, under the operational control of Ranger, planned to complete the appraisal of Kyle with a further well in 1997 followed by an extended well test, leading to early development of the field. Premier said the purchase marked a new phase in its presence in the North Sea where, in the short term, it would concentrate on a limited number of core areas.

Avocet Mining boosts gold operations

Avocet Mining has expanded its gold operations in Malaysia by acquiring a 60 per cent stake in Damar Consolidated Exploration. The company also has an option to purchase a further 36.8 per cent stake in the next two years. Funding for the 60 per cent stake will come from an issue of 1.1 million Avocet shares, worth more slightly more than £2.23m. The acquisition provides Avocet with additional acreage in the vicinity of its Penjom mine.

Losses fall at Wyfield

Wyfield, the maker of upholstered furniture, reported a fall in first-half losses from £491,000 to £337,000, but said the value of net assets had fallen below 50 per cent of the issued share capital. Preston Rabi, chairman, explaining the fall in net assets, said: "The performance of the group continues to improve but the third quarter is not as yet profitable." He said new models introduced were beginning to succeed, but during the quarter to March the UK market place had been flat and Germany remained difficult. "However, it is expected that the fourth quarter, although traditionally weak, will show an improvement on the third," Mr Rabi said.

Swallowfield puts on a confident face

Swallowfield, the maker of aerosols and cosmetic products, increased profits before tax in 1996 from £2.69m to £3.5m. Total dividend is raised from 6.5p to 7.3p through a 4.3p final payment. The company said 1997 had started well and it was confident that progress made last year would continue.

Company Results				
	Turnover £	Pre-tax £	EPS	Dividend
CIA Group (p)	774m (265m)	4.9m (8.7m)	3.23p (7.85p)	2.35p
French Connection (p)	63m (70.7m)	6.2m (2.94m)	17.8p (10p)	2.75p (2.0p)
Friendly Hotels (p)	45.2m (43m)	4.7m (4.22m)	10.7p (40.7p)	6.7p (6.7p)
Rathbone Brothers (p)	35.8m (28m)	9.61m (7.36m)	24.87p (21.31p)	11.5p (10p)
RMC Group (p)	4.6m (4.5m)	288.2m (337.1m)	68.9p (80.3p)	26.5p (26.85p)
Swallowfield (p)	43.4m (37m)	9.5m (7.88m)	18.1p (13.5p)	7.3p (6.5p)
Timberland (p)	10.4m (8.5m)	210,000 (-1.9m)	4.9p (-30.5p)	nil
Wyfield (p)	8.22m (8.21m)	-337,000 (-491,000)	-1.3p (-1.8p)	nil

(p) - Pre (p) - Interim (m) - Nine months

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Question mark over RMC as German boom fades away

A couple of years back no-one had a bad word for RMC as it rode what history has proved to be an artificial boom in Germany's massive construction market. The breaks and the after-effects of reunification created a couple of bumper years in 1994 and 1995 and because it is basically a better business than the other big British player in Germany, Redland, RMC cashed in.

Now there are question marks over the company that never existed before. The change in exchange rate policy yesterday looked dangerously like an attempt to boost profits artificially at the end of a difficult year and analysts are starting to grumble, rightly, about the company's old-school presentational style, which means an archeological dig is required to get to essential information such as individual country sales and profit contributions.

The other real concern about RMC is that it is over-exposed to one huge but troubled economy. The company says Germany accounts for about a third of Europe's construction spending so it is right that it should represent a similar proportion of RMC's turnover. But if the mid-1990s boom proves to be unrepeatable, as some brokers now fear given the stringent demands of EMU qualification, RMC needs to beef up its operations elsewhere.

Chief executive Peter Young points to the US, but it only represents a tenth of sales. Its operations in Europe outside France and Germany are going well, as is Israel, but they are too small in group terms to make a real difference. At home, the second-biggest market, the government's refusal to reverse the massive under-investment in the country's physical fabric means the UK can hardly be relied on to provide any growth.

RMC is a very conservative organisation and has traditionally shunned the sort of expansion by acquisition that has seen Irish rival CRH grow from nowhere to become one of the industry's dominant players. There is nothing wrong with the company's preferred route of investing heavily in its existing businesses, but it is a much longer process and time is not on its side.

The company's shares have

fallen almost £2 from their peak last September of 1195p, when the market quite simply misread what was going on in Germany. At 996.5p, down 4.5p yesterday, they trade on 13.5 times forecast earnings for 1998 on the basis of expected profits of £345m after £310m this year. That compares with a sector average for 1998 of 11.9.

That sort of premium only makes sense if you believe either the company's management is vastly superior to the competition or Germany is about to pick up faster than people fear or both. This is a well-run company, but that sort of rating leaves no room for error. Expensive.

Welcome profits from Friendly

New management led by chief executive Tony Potter are at last starting to make a difference to Friendly Hotels. After less than a year in the hot seat, the former veteran of Ladbroke and Hilton International has raised occupancy in the hotels business from 61.8 per cent to 63.1 per cent last year and average room rates by 5 per cent to £31.41.

The performance is still below the industry's best, particularly up-market groups operating in London where Friendly is absent, but things are clearly moving in the right direction.

In the first quarter of the current year, Mr Potter has added another 2 percentage points to occupancy and a very handy 11 per cent to room rates.

Although Friendly returned to black in the year to last Christmas Eve, reporting profits of £4.47m to replace losses of £6.86m yesterday, the underlying improvement is obscured by the continuing presence of the loss-making serviced office business. The decision to sell that operation led to a £9.6m charge in 1995, but the good news is that Friendly is now in talks with a publicly quoted and substantial buyer.

Stripping out the offices, the wholly owned hotels operation raised its profits £4.82m to £5.52m last year. The business, situated in the cutthroat middle market, has clearly benefited from the master franchising agreement with Choice Hotels International, one of the biggest US groups, agreed last year.

The hotels are all now rebranded as either Comfort Inns or Quality Hotels and Mr Potter says that up to a quarter of the business now comes via the Choice network.

Meanwhile, expansion of the group's 36-strong chain continues apace.

Profits of £5.4m this year would put the shares, down 2.5p at 154p, on a forward multiple of 15. Reasonable value.

RMC: At a glance

Market value: £2.58bn; share price 996.5p

Five-year record	92	93	94	95	96
Pre-tax profits (£m)	166	178	283	387	290
Dividends per share (pence)	19.3	20.3	22.2	23.1	26.5

Profit by region (£m)



Share price (pence)



Stylish season for French Connection

What a difference a year makes. Twelve months ago fashion group French Connection was looking distinctly frayed at the edges. Two profits warnings during 1995 had knocked the shares down to 149p and investors were wary after problems in the US and the wholesaling division.

Since then the group's fortunes have been resurgent. Upbeat trading statements have helped the shares to double in value in the year and they surged to a high of 345p this week. With full-year profits just ahead of expectations at £6.2m profit taking yesterday sliced 20p off the stock to 325p.

Even so, the French Connection recovery has been impressive. The French Connection and Nicole Farhi retail formats have traded well with like-for-like sales up by 21.6 per cent across the group, though this was from a low base the previous year. The sales were boosted by better product, competitive pricing and the more buoyant mood on the high street.

With much of the cost base fixed, the higher sales dropped through to the bottom line and profits in the retail division shot from £800,000 to £2.9m in the year. Current trading is more mixed, with the UK still showing same store sales growth of 20 per cent. But in the US the spring season has been slower.

Looking forward the group is planning to add to its portfolio of 29 UK stores and 13 in the US. Four more will open in each region this year, increasing the selling space by 30 per cent. It also plans to extend its franchise operation with three stores this year. More concessions will open in Denmark while the Hong Kong business will be developed.

The aim is to make both French Connection and Nicole Farhi global brands and chairman Stephen Marks is currently visiting Japan to develop the concept there.

On NatWest's forecasts of £7.3m this year the shares trade on a forward rating of 16. After the recent run that is probably about right.

Dispute with network eats into profits at CIA

Chris Hughes

A dispute with the ITV network and a disposal costing £2.6m forced annual pre-tax profits at CIA, the advertising space and airline buyer, down 26 per cent to £4.9m. However, underlying pre-tax profits were up 12 per cent to £7.5m and the group said it was confident about prospects.

The group reached a £2m settlement with the ITV network after it committed itself to deals it could not fulfil. It is understood the settlement was less than the value of the deals.

Chris Ingram, chairman, said the dispute was costly both in terms of senior management time and money, but added: "It's very much behind us now. We have made changes to ensure it does not happen again. The experience has not been without some benefit."

The disposal of the group's interest in Mansfield Lang Direct Media cost £600,000.

Turnover in 1996 jumped 28 per cent to £774m in a global market estimated to have grown by 7 per cent. Overseas turnover climbed 69 per cent to make up two-fifths of the total.

The total volume of billings placed by the group was up 27 per cent to £1.15bn. Overseas operating profits grew 23 per cent, while UK operating profits grew 9 per cent before exceptional costs.

"It was a solid UK performance, but it was not a storming year," said Mr Ingram. "Overseas turnover will grow faster than UK turnover, but we still expect growth in the UK market."

CIA said it aimed to make the group's top six media buyers within four years. It is currently 14th and has a market share of less than 5 per cent.

"It is an expensive market to enter. This will result in a period of consolidation. We are in an exceptionally strong position," Mr Ingram said.

CIA would buy other media independents and reduce its dependence on the traditional media buying business, he said.

Investment activities include CIA Television, which develops the television version of "advertisers", programmes where the advertiser has a say in the programme's content. It is also developing web site marketing.

Television advertisements were becoming less influential with the growth of programme sponsorship and subscription television, Mr Ingram said. CIA was in the process of becoming an all-round, international media communications agency rather than a media buyer.

"We could wait to see what other people do, but we want to use the new technology first."

Earnings per share were down 58 per cent to 3.23p, but the final dividend was raised from 1.62p to 1.77p, slashing retained profits from £2.2m to £360,000. Shares closed up 5p at 161.5p.

THE INDEPENDENT

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Pru sells Vita firm

Prudential yesterday struck its second deal in a week, selling its Italian life insurance company, Prudential Vita, to Royal & Sun Alliance for £40m.

The move follows Pru's decision to top up its stake in Rothchild Assurance to 29.9 per cent at a cost of around £30m.

Keith Bedell-Pearce, Pru's director of international development, said: "The sale of our Italian operations completes the disposal of our relatively small life companies in continental Europe. For the moment our strategic focus is on the UK, US and Asia Pacific."

Prudential Vita's premium income was £52m last year while Royal & Sun's Italian operations produced £13m. David Barker, Royal's head of international life operations, said: "We view the Italian market very positively."

business

£23bn tidal wave of free shares threatens to engulf market

Over the next six months a tidal wave will hit the stock market - £23bn worth of free shares which are being distributed to 19 million investors as some of the country's biggest building societies and insurers abandon their mutual status and head for Stock Exchange listings. How will the markets cope and what will happen to the value of these nest eggs being handed to one-third of the adult population?

If only a fraction of the new shareholders decide to sell, the pressure on dealing systems could be immense. Salomon Brothers predicts that 20 per cent of the windfall shares will be sold in the next year, rising to up to 50 per cent of the shares if their prices rise sharply. The American bank conducted a survey with Mori in which one of eight respondents said they planned to sell their shares immediately. That could mean 2.4 million people trying to deal on a stock market that averages a daily turnover of around 40,000 transactions. A further one in eight intended to sell some shares in the first year.

When the Alliance & Leicester floats on 21 April, many shareholders will be tempted to sell their entire holding via A&L's offer of a dealing service free to those deciding to sell all their shares in the first three days of dealing.

Barclays Stockbrokers is expecting a selling spree and has set up a telephone dealing service for the A&L flotation. But director Justin Urquhart Stewart is urging shareholders to exercise restraint.

"I would be desperately keen to encourage people not to sell their shares," he said. He may be right. Over a half of the shareholders created by the Abbey National's conversion into a bank held on to their shares and have seen the value of their investment rise by 500 per cent. True, Abbey National hit the market at a time of high inflation and it may not be the best indicator of the prospects for the likes of the Halifax and Woolwich, but history suggests the shares could perform well initially.

One reason the shares are expected to rise is the anticipated desperation of so-called tracker funds

Some 19 million investors in societies and insurers pose an unprecedented challenge, reports Chris Hughes

to get a slice of the action. Tracker funds are duty-bound to buy into all the shares in which ever index (usually the FTSE 100) they follow. Because all the shares will be issued to ordinary account- and mortgage-holders, those big institutional funds will have no exposure at all when the shares start trading.

No one knows how they will act to build up their positions, which are already dangerously low in the banking sector. According to one analyst, the damage started in 1989, with the Abbey National flotation. "Although 20 per cent of the stock was sold in the first six months, the flow from private to institutional investors was very slow after that, at about 5 per cent a year," he said.

The summer's proposed flotations mean the situation can only get worse. The exposure of funds to the sector is already only about 69 per cent of where it should be. The Alliance & Leicester flotation will probably shift the underweighting down to 67 per cent, with Halifax taking it down to 56 per cent.

What this does not necessarily mean, however, is that new shareholders can be certain of entering a seller's market from day one. One possibility is that tracker funds will buy into other high street banks to keep their stakes in line with the sec-

tor's weighting in the index. Their shares have been rising over the last year in anticipation.

The Exchange has decided the earliest date the A&L and Halifax could be included on the index is 23 June, but shares start trading on 21 April and early June respectively. This should help prevent an artificial boost to prices but it is unclear how successful the device will prove. "There could be a rush on the first day's trading, or things could be quiet until 22 June," one observer said. "When Orange floated, the shares were forced up to £2.50 and the highest price was reached on the eve of the shares entering the index. What we will probably see is orderly buying throughout the period prior to index entry."

The tracker funds will not want to create a rush on the shares and could hold back in early days to depress the price. This would hit private shareholders hoping to cash in early. When Abbey National floated in 1989, its share price fell 8p from 153p in the first days of trading.

What is certain is that as soon as the issues make the index, the trackers will be forced to buy, almost regardless of price. If people rush to sell, Barclays' telephone dealing facility, a partnership with BT, aims to offer a service to people who are

unfamiliar with stockbrokers. Callers will be greeted by a computerised voice, offering them the choice of buying or selling shares, or putting them into a PEP. Transactions will be handled by an operator and the proceeds paid into the caller's bank account.

Richard Hunter, NatWest's assistant director of share-dealing services, says NatWest aims to spread excess demand over a variety of dealing channels, including personal computers. "We will have extra staff on hand, but by offering a selection of dealing methods, we hope to avoid any problems."

If the Exchange is unable to process the sales, though, the brokers' preparations to court the shareholders could be in vain. A large number of small-value sales presents the Exchange with a challenge, since it is accustomed to larger deals.

Crest, the Exchange's computer system, was introduced last year and is already coming under strain. In January it was upgraded to cope with the transfer of FTSE 100 companies from the existing Talisman system.

To prevent Crest cracking under the strain, brokers will accumulate their clients' sale orders and sell in one go, either every hour, or when they have gathered a significant quantity of shares.

This will spare brokers the impractical task of inputting the price of each transaction and sending a note to the registrar of the client's details. Instead, they will input a single large sale and send a covering note detailing the various clients involved in it.

Fears are growing, however, that the new shareholders may actually want to increase their stake rather than cash in on it - one of the most frequently asked questions on A&L's flotation hotline.

Michael Saunders, UK economist at Salomon Brothers, says it is impossible to be certain whether the windfalls will be cashed in at all. Salomon's survey found the largest payouts would be to people who are middle-aged, richer and more financially sophisticated, and therefore more likely to hold on to shares.

No time for the age of steam in Railtrack's schedules

Railtrack is about to evict Thomas the Tank Engine, leaving London's only working steam train museum without a home. The Southall Railway Centre in west London has recently been told that Railtrack does not intend to renew its lease on 21 July. Instead, Railtrack is to sign the lease to Flying Scotsman Railways, owned by Dr Tony Marchington, who will be able to park his 30 Pullman coaches in the Southall engine shed.

The centre is currently run by the GWR Preservation Society, a group of volunteers that runs 10 engines from the site, including a number of historic steam engines. Robert Zarywacz of the group says: "At the beginning of March we were notified by Railtrack that they wouldn't be renewing the lease. It was a shock. We've been talking to Railtrack, and before them to British Rail, about the site since 1986. We're trying to find out why they did this. They certainly didn't consult us."

The group runs steam weekends, usually themed as "Meet Thomas the Tank Engine", during which their locomotives are fitted with cartoon faces and carry thousands of members of the public hither and thither. There are even plans to set up a regular steam link between Southall and Brentford.

So how does Sir Bob Horton, Railtrack's chairman, feel about being cast as the heartless Fat Controller? After all, isn't the new Flying Scotsman service being based in the Yorkshire Dales?

A Railtrack spokesman admits that its decision "has come over as a bit heartless". It had taken a commercial decision that Flying Scotsman Railways had a business proposition, with prospects of an expansion of business in the future. "While the GWR group have a lot of plans, they are only plans at the moment."

"We've offered them alternative sites, but they're not very happy about that," the spokesman said. Indeed not. So if you want a last chance to see the GWR's trains in action, get down to Southall this Saturday for their steam weekend.

Here's another depressing list about the rich, but one that really rubs salt into the wound. These

PEOPLE & BUSINESS



Evicted: Thomas the Tank Engine will have to leave Southall

millionaires are all under 40. According to a survey by Hemmington Scott, published in the latest edition of the *Price Waterhouse Corporate Register*, quoted Britain has created 36 millionaires under 40; eight of them have yet to reach 35.

At the top of the league is Daniel Chiu, a 36-year-old scion of the Hong Kong business dynasty, who is vice-chairman of Fortune Oil. Educated at Sussex University, Mr Chiu co-founded Kingsleigh in 1989 when he was still under 30. He reversed into Blackland to form Fortune Oil and made his own fortune in the process. His 34.23 per cent stake in the company is worth nearly £50m today.

Then there's Stephen Streeter, managing director of Eidos, who set up his video software company in 1990, with the help of two friends. Then aged a mere 24, he could barely raise the £4 for his stake which is now worth £40m.

So it does seem as if millionaires are getting younger. Hemmington found that of the 3,031 executive directors of fully listed and AIM-quoted companies who owned up to their age, 282 are under 40 and 40 are under 35. Pass the nappies.

The comedian Bob Monkhouse was in wicked form on Wednesday night at *Building* magazine's

annual housebuilder awards dinner in London. Sir Laurie Barratt, chairman of Barratt Developments, was one of Mr Monkhouse's many victims when he stepped up to receive a prize. Sir Laurie was the kind of man who, if he was drowning 20 feet from the shore, you'd chuck him a 15ft rope, said Mr Monkhouse. You could then walk away secure in the knowledge that you had met him half way.

As the assembled multitude collapsed in mirth, Mr Monkhouse followed up with: "He's almost impossible to ignore - but well worth the effort."

Sir Laurie took it in good humour, as did the rest. With the housebuilding market on the rebound he can afford to smile.

How times change. Heron International has appointed a development director, Tony Leyland of George Wimpey. It only seems like yesterday that Gerald Ronson, chief executive of Heron, was saving time in Ford Open Prison while Heron groaned under debts of over £1bn. Heron has signed deals worth over £400m this year, mainly in continental leisure projects, and Mr Leyland will be closely involved in that expansion. Quite a comeback.

John Willcock

All data and prices as at 9 April

Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	1.6227	7.5	22.20	100	0.8585		
UK	2.2527	61.50	70.20	100	0.8585		
France	2.2527	61.50	70.20	100	0.8585		
Germany	2.2527	61.50	70.20	100	0.8585		
Italy	2.2527	61.50	70.20	100	0.8585		
Spain	2.2527	61.50	70.20	100	0.8585		
Japan	2.2527	61.50	70.20	100	0.8585		
Belgium	2.2527	61.50	70.20	100	0.8585		
Netherlands	2.2527	61.50	70.20	100	0.8585		
Sweden	2.2527	61.50	70.20	100	0.8585		
Switzerland	2.2527	61.50	70.20	100	0.8585		
Australia	2.2527	61.50	70.20	100	0.8585		
New Zealand	2.2527	61.50	70.20	100	0.8585		
Saudi Arabia	2.2527	61.50	70.20	100	0.8585		
Singapore	2.2527	61.50	70.20	100	0.8585		

Other Spot Rates

Country	Sterling	Dollar
Argentina	182.36	0.0099
Australia	1.6227	0.6150
Brazil	1.6227	0.6150
Canada	1.6227	0.6150
France	1.6227	0.6150
Germany	1.6227	0.6150
Italy	1.6227	0.6150
Japan	1.6227	0.6150
Netherlands	1.6227	0.6150
Sweden	1.6227	0.6150
Switzerland	1.6227	0.6150
USA	1.6227	0.6150

Forward rates quoted high to low are at a discount; subject from spot rate add to spot rate

*Dollar rates quoted as reciprocals.

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Calls cost 50p per minute.

Interest Rates

UK	Base	6 month	1 year	2 year	3 year	5 year	10 year
Bank of England	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Overnight	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
3 month	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
6 month	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
1 year	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2 year	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
3 year	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5 year	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
10 year	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Bond Yields

Country	1 year	2 year	3 year	5 year	10 year
UK	5.00%	5.00%	5.00%	5.00%	5.00%
US	5.00%	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%	5.00%
Spain	5.00%	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%	5.00%

Money Market Rates

Country	1 month	3 months	6 months	1 year
UK	5.00%	5.00%	5.00%	5.00%
US	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%
Spain	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%

Tourist Rates

Country	1 year	2 year	3 year	5 year	10 year
UK	5.00%	5.00%	5.00%	5.00%	5.00%
US	5.00%	5.00%	5.00%	5.00%	5.00%
France	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	5.00%	5.00%	5.00%	5.00%	5.00%
Italy	5.00%	5.00%	5.00%	5.00%	5.00%
Spain	5.00%	5.00%	5.00%	5.00%	5.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
Australia	5.00%	5.00%	5.00%	5.00%	5.00%
New Zealand	5.00%	5.00%	5.00%	5.00%	5.00%
Saudi Arabia	5.00%	5.00%	5.00%	5.00%	5.00%
Singapore	5.00%	5.00%	5.00%	5.00%	5.00%

Liffe Financial Futures

US		Japan
Prime	8.75%	Discount
Discount	5.00%	Bid
Fed Funds	5.25%	Offer
Spain		Central
10-Day Repo	5.75%	Swiss
Saraden		Domestic
Repo (Avg)	4.00%	Loan
<hr/>		
Country	5yr	HSBC yield %
Netherlands	2.25%	4.83
Spain	7.90%	8.03
Italy	6.25%	7.12
Belgium	8.0%	4.84
Sweden	13.0%	5.79
ECU OAT	6.0%	4.95
<hr/>		
*near benchmark		

Naked ambition
Hard graft has paid off
for Robbie Earle, page 30

sport

Painful saddles
Andrew Martin
on the Superbikes, page 29

United to appeal as season extension ruled out

Football
ROB McLEAN

Manchester United will launch an immediate appeal to the Football Association over the Premier League's refusal to grant them an extension to the season to alleviate their massive fixture crisis.

Their chairman Martin Edwards reacted angrily to this morning's decision which leaves his club facing four games in the final eight days of the season to decide their title destiny.

Edwards slammed the Premiership as "amateurish" and the decision as "ludicrous". He said: "We will obviously appeal

this to the FA. We have to do this. We believe this is the wrong decision.

"Time is of the essence so we will do that as soon as possible. We are extremely upset and aggrieved about the decision. If the FA turn it down, whether we can take it to law, I don't know. That's something we will have to look at in due course.

"We either have to win it by appeal to the FA or maybe a judicial review or something like that. I think it is that serious."

United, still clinging on to their dream of winning the European Cup, wanted an extra few days to arrange their outstanding fixture against Newcastle.

United's rivals Arsenal and

Liverpool objected to them being granted special treatment and after meeting with the FA chief executive, Peter Leaver, and the Premier League chairman, Sir John Quinlan, United heard the bad news.

"In reaching a decision the Premier League board has considered the need of all the clubs and taken full account of the issues at stake in the final weekend of the season," a spokesman explained.

"At this stage it is possible that every game on 11 May will have an impact on either the championship, European places or relegation."

However, Edwards is astonished that the climax of a nine-

month campaign should be condensed into a week at the end of the season.

United will now meet Leicester away on 3 May, followed by home games against Middlesbrough, Newcastle and finally West Ham on 6 May, 8 May and 11 May respectively.

Edwards explained: "We are extremely disappointed. People criticise and say it is Manchester United moaning and whining again. But there are particular circumstances why we were aggrieved.

"We were due to play Middlesbrough but the date clashed with the FA Cup and that competition took preference."

"We rearranged the fixture

but Middlesbrough had to reschedule their game against Stockport because the Stockport pitch was waterlogged and this time it was the Coca-Cola Cup that was given preference.

"We have been available on other dates to rearrange matches but other clubs were given preference.

"We have tried very hard to sort this out because we were aware of the fixture problems piling up. Suddenly now it is only Manchester United being asked to play these four games in eight days."

"To expect us to play more than 10 per cent of the season over eight days is quite ludicrous. They say this is the best league

in the world, but this is amateurish. It's crazy and it simply shows how badly it is being run."

United could well have argued that Middlesbrough's offence in calling off their fixture at Blackburn because of injuries is at the root of United's own problems - something the Premier League surely would have found hard to resist, having docked Boro three points and then insisted their fine must stand after appeal.

Edwards added: "We just argued the case from our point of view. There are other points other people might make."

Sir Bobby Charlton, with the United team in Dortmund for Wednesday's European Cup

semi-final first leg defeat, said: "You do hope that the FA would try to help clubs that are successful. They cancelled our Easter programme for internationals and now they are forcing us to play four games in eight days. It's madness."

"We are representing England - and Liverpool are as well - just the same as the national team. We would hope that our own association would try to help us, but they don't seem to be interested."

Charlton, a United director and a member of their 1968 European Cup winning team, added: "I think we should have something to say about this decision, even if I don't believe

that the FA will have a rethink we will appeal. They've had enough time to think about it already. But we can't let it rest like this, even if it's just to make sure that this situation never arises in the future."

"They said in 1992, after we were forced to play four games in six days and lost the league title, that the advent of the Premier League would make sure that this never happened again. But it has and we're paying for our success again."

Arsenal's manager Arsène Wenger and Liverpool's Roy Evans yesterday both backed the Premier League's rejection of United's bid for an extension to the season.

61st US MASTERS: British challenge off to shaky start as Westwood finds too many bunkers



Eye on the ball: Paul Azinger lines up his putt on the first green during the first round of the US Masters which began at Augusta yesterday

Photograph: Allsport

Torrance troubled by greens

Golf
ANDY FARRELL
reports from Augusta

The honorary starters had the right idea on a chilly Thursday morning at Augusta. As tradition dictates, Sam Snead, 84, Byron Nelson, 85 and Gene Sarazen, at a stately 95, all drove off the first tee at 8am to get the 61st Masters under way. They then picked up

their balls, or in fact, had them collected for them, and disappeared into the clubhouse for breakfast.

They left the task of negotiating the fearsome greens to those who followed. Wise men. Ken Green took a seven at the par-three 16th without going in the water. Instead, he five-putted. Scott Hoch faced a 20-foot putt for his third shot at the ninth and a 50-yard chip for his fourth.

Dan Forsman, despite three-putting six of the first seven greens, was one of four on 74 once the first quarter of the field had completed their rounds.

Hoch's playing partner, Scotland's Sam Torrance, was briefly joint leader when he returned a three-over 75. His first words were no longer than four letters on which he was prepared to be quoted. "I'd say the greens were un-

fair," Torrance said. "They are fair if you hit the ball in the right spot, but you know that before you come here. They are not normally this impossible on the first day. I'd prefer a little more leniency so guys are happy with 68s and not 75s."

Augusta officials went to great lengths on Wednesday to deny the course had been set up any differently from usual. "I've heard some comments that the greens are faster than last year," Will Nicholson, the championship chairman, said. "The greens are soft and fast and substantially the same as last year." Having said that, it was hardly likely that there was going to be a repeat of Greg Norman's opening 63 a year ago, which equalled Nick Price's course record.

Until conditions warmed up for the later starters, the cold breeze for those at the top of the draw meant a disadvantage in terms of length off the tee and spin on the greens. Green's figures were a mass of green (for over-par scores) and his 87 was higher than efforts from former champions such as 74-year-old Doug Ford, Gay Brewer, Billy Casper and Charles Coody. "It's brutal," said John Cook, another early starter who shot a 77. "The greens are rock hard. The first green is turning blue."

Torrance was forced to pull out of the tournament in New Orleans last week with a wrist

injury, but he was successfully treated by a physiotherapist in Dallas where he was staying with David Feherty. The pair arrived in Augusta on Monday, Feherty to work for CBS television and Torrance to rediscover his swing on the range.

He three-putted with his broom handle three times in the first seven holes but holed from six feet at the par-three sixth.

Even then, the good work set up by his five-iron tee shot almost came to nothing. "I barely touched the putt but if it had not gone in the hole then it would have been 20 feet past," he said. "It was hard work from the first tee to the last green." At least Torrance had an inkling of what was in store for him. Lee Westwood, the 23-year-old rookie from Workop, did not start six-six.

Westwood, who was planning to marry Andrew Coltart's sister, Laura, on Saturday, drove into the bunker on the right of the first and was in two more at the second. "I was in so many bunkers the glare from the sun could have given me a headache," he said. After splashing back on to the fairway at the first, his pitch shot went through the back of the green. He chipped back to eight feet and the putt broke less than he thought.

Saving par on the third after only just dribbling his chip on to the green and delicately two-putting at the fourth, enabled him to begin to settle down. Having gone to the turn in 40, Westwood struck a eight-iron to 20 feet at the 10th for a birdie. At the famous 12th, the wind was against him and he asked his caddy for a nine-iron and hit as quickly as he could before the wind changed. He found the green and only just missed his birdie. Lyle's missing magic, page 31

Shearer bid dismissed by Newcastle

Newcastle yesterday refuted claims that they have received a staggering £20m offer from Barcelona for the England captain, Alan Shearer.

The Magpies' £15m world record signing had been linked with a move to the Spanish club as replacement for the Brazilian star Ronaldo, who is said to be on his way to Italy before the start of next season, but these reports have been shot down by the Newcastle chief executive, Freddie Fletcher.

"The position is that we know nothing about it. We have not received any offer for Alan Shearer," he told ClubCall.

"We bought Alan Shearer because we believe he is a world-class player, not to make any money out of him by re-selling him. Alan Shearer will not be for sale from Newcastle United at any price."

Barcelona are managed by the former England manager Bobby Robson, who at one stage was favourite to succeed Kevin Keegan at St James' Park.

He will need a world-class striker if Ronaldo is lured to Italy by either Lazio or Juventus, who are both reported to have made £30m offers.

However, Newcastle's manager, Kenny Dalglish, is ready to rebuild the side he inherited from Keegan in January around Shearer. Shearer returned to his Tyneside roots in a blaze of publicity last summer when Keegan signed him from Blackburn.

He is Newcastle's leading scorer despite missing two months of the season through injury and made his comeback from a third groin operation in 10 months last weekend, scoring

in a 1-1 draw with Sunderland. Franz Beckenbauer will travel to Switzerland with the German football federation executives next week in a bid to persuade European governing body Uefa to back Germany's bid for the 2006 World Cup.

The former World Cup winning captain and coach has been given a leading role in the German federation's campaign to host the finals.

Both England and Germany, who are involved in a battle to get crucial Uefa support, will meet officials from the governing body in Geneva on 17 April.

Uefa believes Europe should put forward just one candidate to soccer's world governing body, Fifa, which makes a decision on the venue in the year 2000.

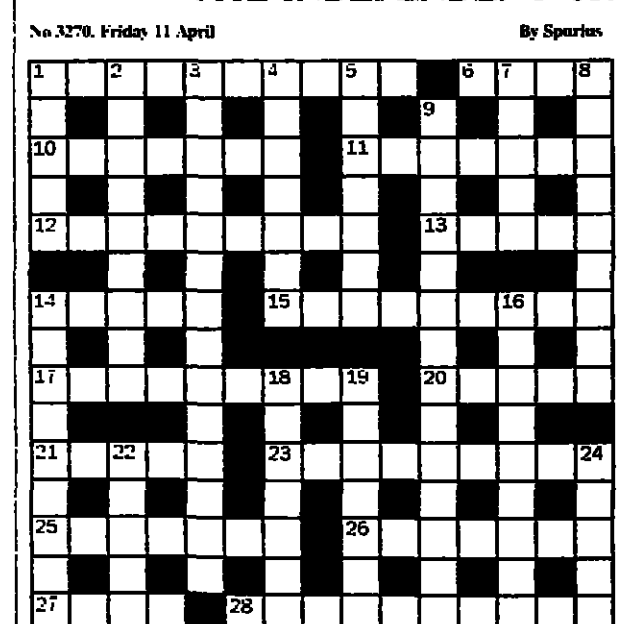
South Korea and Japan were involved in a bitter and expensive battle to host the 2002 event and were eventually awarded the finals jointly.

Uefa wants to avoid a similar situation in Europe. But the Germans have ruled out any ideas of a joint bid with England.

Last weekend the Fifa general secretary, Sepp Blatter, made it clear Fifa did not require Uefa to back just one candidate. Even if rejected by the European body, England would be able to continue their bid.

"The Fifa rules at the moment do not require a continent to put forward just one candidate," he said. ■ Fifa yesterday upheld a life ban on the former World Cup referee Kurt Röttlisberger, who was accused of corruption.

THE INDEPENDENT CROSSWORD



CRUISING BACK
A R R E L
B A Y L E A K E L A D E
T I T L E T H E
R I L R A Z O R B L A D E
D E I T N R A
B A R B A R I C A I D E S
S C P L O T T I L L
T U T P A E
N E G R O M A N C Y B A N K
E U U A G
O E L I A P R O F E S S O R
E U U A G
P R A Y E R T H R O N G

- ACROSS**
- Reserves of courage? (6,4)
 - Flemish work is a failure (4)
 - Artist withdrawing before adversary's appearance (7)
 - Line British sailor follows in Cyprus, being a querulous type? (7)
 - Nonsense that is seen in hospital department makes you boiling (9)
 - Shame tar's associated with by-product of cigarette (5)
 - About an hour is needed to cauterise cut (5)
 - Lift shown in part of architect's drawing (9)
 - Ancient Greek polity, static vet fluid? (4,5)
 - Puzzle set by Confederate soldier, American (5)
 - Boredom at first enveloping Athenian character in Ulster? (5)
- DOWN**
- Shaky translator keen to do well (9)
 - Hairstyle you'll see English sporting (7)
 - In my dreams I waste time, consuming energy (7)
 - Lift offered in opposite direction when returning (4)
 - Standard character in Shakespearean comedy (10)
 - Bit of grass where you've to go on wheels? (5)
 - Like old archbishop, almost true-blue when tackled on scripture? (9)
 - Where carriages are apt to cause obstructions? (5-9)
 - Drink - only half - priest's constrained to accept (7)
 - Kiss with restraint and you'll get a boring Christmas present (7)

- Oriental religious type starting to lead in beast of burden (5)
- Calls for public facilities? (3-6)
- Sleeping-bags? (6,8)
- It follows blooming of crocuses around start of spring (9)
- Unusually big moor featuring flag, not half in a tangle (9)
- Style or cut of red coat (3,4)
- Spanish article for instance has one account of mournful poetry (7)
- Nymph from north needing help to get around Austria (5)
- Pen the French used with a certain panache (5)

Good news for Williams

Motor racing

Williams' pursuit of the Formula One world title will continue to be backed by Rothmans, who first formed their successful partnership with the Didcot-based team in 1994. The cigarette company has agreed to back Williams again next year.

No figure has been announced, but deals between a team and its main backer are usually put around £20m. The sponsorship extension comes as particularly welcome news for Williams, the sport's most successful team, as they face having to pay for engines from next year. Renault, who are pulling out of the sport, have handed over the supply of their engines to their partner, Mecachrome, although teams will have to pay for the engines

in future, at a reported cost of around £13m.

Frank Williams, who runs the team, expressed his delight at the new deal. "Whether it is on the track or in the office, continuity is one of the keys to success in the motor racing business."

But not necessarily in the cockpit, as Damon Hill could testify. The world champion's replacement at Williams, Heinz-Harald Frentzen, goes into this weekend's Argentinian Grand Prix with his talent and mental strength under severe scrutiny.

The German has been a disappointment in his opening two races with Williams. Frentzen was lying second in Australia before sliding out with brake failure with three laps left, but in Brazil he was unable to overtake Hill's Arrows before finishing ninth.

It is in qualifying that he has

underperformed in comparison with his double pole winning team-mate, Jacques Villeneuve. Frentzen only took second place in Melbourne with a late run, but was still nearly two seconds slower than Villeneuve, while in São Paulo he was eighth on the grid.

The 29-year-old had to scrap a planned break in Brazil before this weekend's race, travelling to the team's headquarters in Grove instead for a meeting with Frank Williams.

"I know there is more to come from the car and from me," said Frentzen, who was tipped as a world championship candidate after swapping the Sauber for the Williams. "I know there is more pressure on me this year. But I can cope. Without doubt, I am hoping to be on a better position on the grid in Argentina."

MORSE

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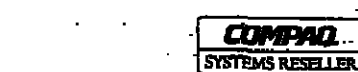


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